Daily Report

Latin America

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Cuba

Robaina Comments on Participatory Democracy

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["Dialogue" between Foreign Minister Roberto Robaina and journalists Francisco Villanueva from the "This Very Day" program, Froilan Arencibia from NTV "Sunday Supplement," and Moises Saab from PRENSA LATINA at the Tele Rebelde studio in Havana; from the "This Very Day" program — live]

[FBIS Translated Text] [Villanueva] Good evening, Comrades. We have with us Cuban Foreign Minister Roberto Robaina. This is not going to be deposition, but a dialogue between our minister and journalists from various media outlets, and will address several issues, such as the seminar-workshops with the Cuban emigre community like the one just concluded in Cienfuegos; the second Nation and the Emigre Community Conference, which will be held in November; the Nonaligned Summit; the Ibero-American Summit; and the 50th anniversary of the United Nations.

Minister, regarding the seminar-workshops such the one just concluded in Cienfuegos, certain terms are being used as the essence of the debates, particularly the term, participatory democracy, also called multiparticipation, or social democracy. What is your opinion of these terms? What is the context of these terms within the debates?

[Robaina] I believe the basic essence lies in the way it is interpreted by those who, in different capacities, are involved in the development of the seminar-workshops. I believe that above everything else, what cannot be missing from the analyses are the points of view of those who for a long time have been working in this country within a system of social and multi-participatory democracy. It seemed to us that the term democracy is used a lot, and concepts that became widespread during the first years of the Revolution by the very implementation of the principles that the Revolution always defended, gradually stopped being part of our language and became the lingo — to give it a name — of the western political culture, which began using social democracy and other such terms.

We wanted, on the basis of that point of view, to discuss what we consider a truly democratic system by tapping into the essence of precisely everyone's participation and the way in which everyone is able to contribute by giving opinions, nominating, and voting. We believed the seminar would be complete if we were to speak of democracy and not address only the Cuban experience with democracy. That was the main reason. There are many points of views. I believe that, in short, that is what we tried to discuss in the seminars — the opinion that a democratic and broadly pluralist period, that the only true democratic system is that of those who seek to impose their views on it, cannot prevail. That is what we discussed in Cienfuegos — and we could add, for the tenth time — because the discussion held in Cienfuegos is one among the many held in this country on this subject.

[Villanueva] Were people who came to represent the emigre side receptive to our concept of democracy? Were they able to understand it?

[Robaina] I believe this is an experience from which we are all learning. I say all because there is intense talk of a culture of dialogue, a culture of debate, a culture of different points of views, and at times we engage in discussions where the only point of view accepted is the experience one seeks to clarify. Not everyone came with the same views, and of course, I believe that in one way or another, all have learned. I personally participated only in the one held in Cienfuegos, as you know, and yes, I believe they listened with great respect to Cuba's opinion, and the views of the rest of the participants were also heard with much respect. Undoubtedly, there are elements on which we agree, and elements on which we do not agree. That is what debate is.

[Arencibia] Is there really tolerance in these meetings? I do not know if out of political prejudice, I mean prejudice in general, or out of bad habit, at times it is said that when Cubans discuss opposite views, we get excited and stand up. I ask myself: Is there truly tolerance in these meetings? Can certain levels of consensus be reached?

[Robaina] I believe so. I think so. I believe there is ... [changes thought] Well, the seminars have not been held to try to reach accords. We have met, and are used to meeting to reach accords. Reaching an accord is not necessarily it, but discussing many experiences and on the basis of many experiences, anyone can find points of interest worth including in today's analysis.

[Robaina] I can affirm that there were debates and debate means different views of the same subject. It also means finding in other points of view certain analyses which are necessary to keep in mind when it comes to passing judgment or reaching a more precise decision. I believe the discussion went quite well. During our address in the seminar, we reiterated that a door was opened and that this is much more important than simply hearing a new description of social democracy, hearing a new concept of multi-participatory democracy, hearing a new concept of democracy. I believe much needs to be discussed in this regard because I also believe

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many atrocities are being committed in the name of democracy.

We want to share it. We have said this many times. We do not want it said that we are the keepers of the truth and that our point of view is it. What we want is if we are going to discuss any issue, it is important that our view, our analysis, our reference not be left out. We did it with respect, we were heard with respect, and we listened with respect.

[Arencibia] These meetings always take place in Cuba, or are there other precedents?

[Robaina] The precedents include the way its promoter, Amalio Fiallo, conceived them, with the participation of certain foundations, particularly the Hans Seidel Foundation. These seminars have been held not only in Cuba. Several have been held here, in Havana and various provinces, but have also been held in other countries — in Spain, and in the United States. An interesting thing: One was held in Miami, and in Miami all were able to participate except those who in our view also had to conduct an analysis of the Cuban view. For example, I would say that in a meeting about participatory democracy, the Cuban side was not able to be represented because we were not given that option. That is one of the things that shows us that there isn't that much democracy, nor is the world we live in that plural. These are things that at times are not reported.

I believe there was a boom with the Cienfuegos seminar. Some think it was a first-time experience, and I would said that that is not the case, that it has been very interesting for those who came from abroad, and extraordinarily interesting for those from here who participated. One of the things that impressed Amalio and the rest of the participants the most is the scientific, cultural, and political knowledge of the participants, the manner in which they were able to speak about their democratic experiences, with its virtues and defects. None of the Cuban participants went there to say that the Cuban model is perfect; we do not want it to be perfect. We are not seeking perfection, we are working toward continuing to perfect it and always perfect it. No one went there with the final word, with a completed experience. That was comprised in the debate.

[Saab] Minister, there is an information vacuum regarding the organization of these seminar-workshops — the agenda, for example. Who drafts it? Is it drafted by consensus? Are the participants chosen or do they show an interest in participating?

[Robaina] It is a combination of many things. The organizers did not conceive of a seminar on participatory democracy with a fully finished agenda. I would say that one of the things that the meetings have produced is being able to speak on many issues that fall within a large framework, to know the reality of the country, the province where it is held, and discuss many such things. In other words, one does not come to it with a preconceived agenda, but with many open issues, and I can assure you, no off-limit issues....

[Saab, interrupting] There are not taboos.

[Robaina] There are no prohibited issues. The important thing is to listen to the points of view included in the analysis of any of the issues discussed. Now, there is a criterion that is followed: participation. The foundation and the organizers of the event deal with the participants who, from other parts of the world, express interest in attending. Cuba, in particular, as an important host of several of these seminars on participatory democracy, has always been involved in the selection, not only with approving those who the organizers propose as participants, but as a host country. Of course, we have to conduct certain processes to determine if they participate or not, as well as the contribution of the Cuban side, which are those who in our country participate in this level of discussion. It has always ranged from 15 to 20 participants from abroad, and approximately 50 or 60 exponents of the Cuban democratic experience, which includes youths, students, women, workers, People's Government leaders, government leaders, and party leaders.

[Arencibia] Cubans who live on the island, and the emigres, for diverse reasons, were distanced for some time. They now meet, however, to discuss a topic as complex as democracy, especially participatory democracy. Does this mean that the Cuban Government and the emigre community are open to discussing other issues?

[Robaina] I believe it represents the continuity of a policy — this is an important question — which has not changed. I believe that what changed substantially are the conditions under which this policy is implemented. It is not the first time the Cuban Government has spoken with representatives of that Cuban community abroad throughout the world, and which, of course, has a significant number in the United States. We could add that this is not the only, or the first and final issue we have discussed the government has always been willing to commune, with respect the rule. I would add that for a long time the circles of that Cuban community abroad were very narrow. Not only were they willing, but they had the conditions to speak as they do today. This is what has made it possible to discuss democracy, but to talk about a first conference, which as I have stressed, we do not necessarily have to see the conference in April as the point of departure.

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In my opinion, there was a more important and prior benchmark. There was a dialogue with representatives of the Cuban community abroad, held a very long time ago, in 1978, which was very controversial and where a significant, although very reduced number of Cubans living in the United States, sought to discuss a number of emigration issues with the Cuban Government and the Cuban Government agreed to it.

I believe that years later, that Cuban community is much more complex, particularly in the United States. That Cuban community has seen that there are designs against the country where they were born to implement things even more brutal than those in past years. That Cuban community has also found a different form of expression. It seems to us that in light of this new expression, the government has to maintain the capacity it has always had. The government had not had off-limit issues so long as the discussion of an issue is marked by respect — any issue, even a completely opposite view. We do not look at areas of agreement or areas of disagreement in those who wish to talk with Cuba.

It also important that the emigre community is aware of another concept. We do not look into what their areas of disagreement with Cuba are because the thing is that Cuba also disagrees with them. I think this is something that we have to be aware of because at times it is common to think that the ones abroad are the ones with all the opinions, and that they are the only ones who have a right to have opinions. Cuba has the same right to have its opinions of what happens abroad. In short, I would say that it is not precisely a change of policy, but a significant change in the conditions under which that policy is implemented.

[Villanueva] Based on what you just said: In this case, specifically in Miami, the fact that these meetings are more and more systematic and comprise larger numbers of representatives — has this had any effect on the Cuban community in Miami? And specifically: What has been the reaction of the Miami Far Right?

[Robaina] Everytime we refer to the issue of the Cuban community abroad, particularly in the United States and Miami, I believe it is important to clarify that that Cuban community is not a whole. There is the very fact that we can refer to the Far Right of that Cuban community. What I would say is that these seminars, these meetings, the conference itself, or anything that opens a path, which implies a normal process of relations between Cuba and the emigre community abroad is going to get two types of reactions from that Far Right — one aimed at completely ignoring whatever takes place, and the other, severe criticism because I believe that these types of contacts contribute to putting an end to political careers, which has become a business for many. Whenever a business is threatened, it is necessary to attack whatever threatens it, and evidently they are scared by any effort toward a normal and smooth relationship between Cuba and its emigres, a concept which for a long time was highly politicized by all who wanted to turn the Cuban community abroad into a weapon against Cuba; and everything that is scary has to be either ignored or buried or viscerally attacked. That is the concept that has prevailed in that Far Right of the Cuban community. I would add that the rest of the Cubans in the United States and many other places in the world have taken a position, above all, of understanding and awareness.

[Robaina] I believe there is one important concept: If in that community or anywhere, the blockade of Cuba of over 30 years is condemned with the same strength with condemn it, we believe that those who do so deserve at least some consideration and respect, and be heard. [sentence as heard] We have done nothing more than that. That is all I will say because I know there is much speculation and concern, which I respect. I deeply respect all the people, all the youth. These last few days I talked with university students and many citizens who are concerned about if there has been a change in policy or not. I believe that Cuba should feel deeply thankful for the number of people who care to have, above all, the facts. What I hate the most is not whether there is approval or not, but wanting to know what has brought us to this point. I believe much more on that than in those who overnight understand perfectly well without having all the facts to determine if the policy has changed or not.

[Saab] Therefore, you see these workshops — and we could add the Nation and the Emigre Community conferences — as a natural process?

[Robaina] We could say that is the path we would like it to take. I would say it is still not natural by the same measure that it still arouses much surprise. I believe that what we have to attain is for Cuba to maintain the same relations with Cubans abroad any other country in the world maintains with its citizens abroad. Cuba has not been able to do that. We have not been able to bring this about in our time because an issue, a migration problem like that encountered in any other Third World country toward the developed world, is considered normal and common anywhere else. The only one for which it is not normal and common in the case of Cuba, which has been strongly politicized. I would estimate the process will not be normal so long as the conditions are not normal. There is no doubt at all that the government as well as Cubans abroad still have a complex road ahead.

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This is barely the first part of a very long road which is not going to be surmounted overnight.

[Arencibia] Between the 1978 Dialogue With the Cuban Community, as it was called, and the Nation and the Emigre Community Confere .i April 1994, there was a span of 16 years. Howeve, from April 1994, when these seminar-workshops on participatory democracy also began, to 1995, there have been a number of meetings with the emigre community, as you stated. In the last few years, as is well known, Cuba has been experiencing a fairly difficult economic situation. Does this mean that Cuba's economic situation has forced us to make concessions in the political arena?

[Robaina] I am not among those who fear words, but in practice, we do not necessarily have to adapt to new conditions such as acceding to concessions. In my opinion, there is no reason to fear the word. However, interpreting the way Cuba adapts to conditions that are new to the world and to Cuba, and trying to find out, as many are trying to do, if this is a government concession or not, I would say is still being under the influence of certain issues that for us have never been on the negotiating table, or in efforts toward normalization of relations with the Cuban community abroad. Concession means the renunciation of a group of concepts and issues that are fundamental to the Cuban people, which we have not renounced. I would say that the path chosen by the Cubans, the socialism we defend, and the system we are capable of achieving in the economic field represent a completely new reality, represent conditions to which we have to adapt. I would prefer to interpret change as an expression of our capability to adapt above all to new times. I believe we are living in new times, and the solutions have to be new. My opinion is that 1978 and 1995 are separated by many years, years marked by lack of communication as a result of the prevailing work style of that community in the United States. However, I can assure you that in the last year, there has been a significant shift in the manner in which that community has found a voice and drive and has made the Cuban voice more believable in stressing the need to condemn the blockade. I believe that today, regardless of their being allowed to express themselves or not, they are more daring than before, and so things are happening faster. We are living in a time when conditions and circumstances shift quickly. I do not see this as concession.

[Saab] I do not believe we have much time to further discuss this issue. We have many other issues to cover. However, I would like to know what we can expect from these meetings.

[Robaina] We would say that the most important thing about these meetings is that they open a path, which first of all allows us to continue discovering what lies behind that project of democracy, and allows those who believe themselves experts in democracy and pluralism to become aware that there is more than one style of democracy. In my opinion, wishing to speak at the threshold of a new century and present to the new century a model of democracy for all, the same model for all, without being aware of the conditions, culture, roots, social and political circumstances experienced by those peoples endeavoring to build their model of democracy, is unrealistic. That is what we want to do. We want to be plural, broad, and flexible while maintaining our full right to build our own model, with virtues and defects, but ours.

[Saab] A common expression is sustainable development. If we were to use that term, we could then say sustainable democracy in the case of the Third World.

[Robaina] I believe many things could be discussed because on that very stage, we have stressed that we find it hard to understand what model of democracy they are talking about when only 30 percent of the population bothers to vote and there is 70 percent absenteeism and great apathy because the people could care less who governs or not. I believe one cannot speak of democracy when one sees that in the functioning of that democracy, everything is evidently done without the participation of those who should truly play an important role in a democratic system. I would say that is the Cuban experience, of which the world is unaware. Many of the participants were really unaware of who nominates and votes here, or of the percentage of the Cuban people's participation in the elections. However, we are not trying to say that our system is perfect. I believe we have to listen to many experiences, and that is our aim.

[Villanueva] Prior to discussing the Nation and Emigre Community conference, which we can cover later, I would like to refer to the forthcoming summit of the Nonaligned Movement [NAM]. I wanted to ask your opinion of Cuba's view of the NAM nowadays. How does Cuba foresee the upgrading of that movement? Is this movement in decline as many observers have pointed out? What should its current role be?

[Robaina] The first thing Cuba seeks is not to sit apart and just observe. Cuba wants, above all, to follow the path begun with certain success by Indonesia to revitalize the NAM. I have participated in discussions and meetings during which the recent effectiveness and role of NAM has been addressed, especially lately, following its peak and strength in past years. The movement has undoubtedly suffered, but I believe it

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is up to America, a privilege we deserve as a region, and Colombia in particular, to further the path that, as I mentioned, Indonesia has initiated, seeking to revitalize the role of the NAM. Cuba would be willing to contribute its most modest experience to this effort.

I believe that as important as the existence of the NAM is in giving a voice to the poor and to those who fell within that definition of South in the South-North division when there was a bipolar world; today more than ever, in light of the existence of a unipolar world and the existence of a United Nations which, despite its best intentions, is still subject to numerous manipulations, that voice is needed more than ever. That voice undoubtedly does not lie in seeking alternative fora, but in strengthening the movement. I believe that is the goal toward which we should play a fundamental role. Unfortunately, as in everything dealing with reaching a consensus among many, the rich and powerful reach agreements much more quickly than the numerous NAM countries, many of which are unfortunately very economically dependent on the superpowers.

[Saab] Also, the fact that the movement is an unofficial organization because it has no written rules, and its very heterogeneity contributes to this, as you mentioned. I have a another question regarding the NAM: Some observers believe that Cuba lost interest in the movement with the Nicosia ministerial summit in the late eighties. Another school of thought believes the movement lost its drive as a result of numerous problems. Do you share any of these views?

[Robaina] No, I do not share them, particularly in those terms. Cuba has not experienced a lack of interest in the movement whatsoever. On the contrary. We have insisted on the need to revitalize it because we have seen the voice of the poor dwindle as never before, those of us who have neither resources, power, money, nor large land masses as do some of the great powers in this world. I would say that, as never before, those who do not have such material resources must come together in order to play a role like the one played by those who do. On the other hand, I believe that I can somewhat agree that for a while the role of the movement was weakened — this is why Indonesia took charge of revitalizing it — above all, due to its heterogeneity and the manner in which many have not been able to agree on various issues — I would add — as quickly as they should. Our problems require much speedier discussions, more actions than words, and for awhile, the NAM was in a slump. I believe that in this last phase we have made progress, and now America has an exceptional opportunity. This is what we seek — to take advantage of that exceptional opportunity, not only as a region, but also as a period in time. I would add that today more than ever, what is needed is to become the spokesman of those Third World countries on behalf of the nonaligned countries because as never before, there is talk of North-South cooperation, on the basis of the North's seeking to dominate the South. What is needed instead is for the North to listen to everything the South has to say, as well as dwelling more deeply on the joining of the forces of all the countries of the South.

[Saab] A South-South dialogue.

[Arencibia] Hosting the summit gives Colombia the leadership of the NAM. What importance do you give to a country in this region undertaking this responsibility?

[Robaina] It is a very strong commitment, particularly given the times. I would say it is one thing to take on a movement under exceptional conditions, always setting and strengthening new goals, but it is another to undertake it under the current conditions, when its role has become more vital and it is needed more than ever. We believe that Latin America's and Colombia's sense of responsibility is very high. We would add that this must be proven with facts in order to put the movement into function as an agenda, which must first of all resemble the reality of the NAM countries, a life marked by growing needs, and the need for economic integration, which has to be further studied, strengthened, and fulfilled, as well as many issues in which the voice of the powerful cannot be the only one heard at the United Nations and in the international arena. This is what we truly want America and Colombia to fulfill.

[Villanueva] We can go on to another issue: The Fifth Ibero-American Summit, which is around the corner. Are we pleased with what the Ibero-American summits have accomplished, at this point when we are preparing for the fifth one?

[Robaina] We have been taught to be permanently dissatisfied. I believe that as a country we are not yet pleased. I am not aware of the results and views of all the other countries in the region. However, we still feel certain dissatisfaction with the development of the Ibero-American Summit, especially because we have made a great deal of progress in terms of intentions, but not actions. We need for all of those good intentions to be expounded and further understood by the heads of states and governments, so they can become plans for economic integration. From Salvador de Bahia on, every summit has been dedicated to a single issue — for example, economic integration in Colombia; and now Argentina wants to address education. However, it is now being considered that heads of state and participants should be allowed to discuss other realities

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beside the main issue, but needs that are priorities for the region, even if they are not the main issue.

If we were to be asked? No, we are not pleased. We believe it is necessary to make progress along a path that will make more consummation possible, allowing the Ibero-American peoples participating in these summits to feel more palpable results in terms of their social, political, and economic lives.

[Villanueva] Reaching beyond the final declarations?

[Robaina] Reaching beyond the final declarations. It remains to be seen how this will be accomplished. Important paragraphs and pronouncements have been reached, but in my opinion it is necessary to dwell on what is done from summit to summit rather than turning the summits into nothing more than grand events.

[Villanueva] Does the fact that Spain will next occupy the rotational presidency of the EU give this Ibero-American Summit special significance?

[Robaina] The summit in general has special significance, as an important window linking Latin America with Europe. I believe this is especially important, above all, for the Latin American countries. To link up with Europe by means of the connection we have, in terms of history, plus economically and socially with countries such as Spain and Portugal, and at a time when Spain will occupy the EU presidency, turns this period into a particularly fertile period, particularly interesting. Above all, because it allows us to see Latin America connected with other than North America, which does not in practice want to connect the way Latin America does. The problem is that the United States is interested only in how they connect with Latin America, not on how Latin America wants to connect with the United States. In our opinion, a connection with Europe is interesting, and doing this through the Ibero-American Summit turns it into an especially particular stage.

[Arencibia] In your answer you mentioned the United States. I wanted to add that this Ibero-American Summit will be the first since the so-called Hemispheric Summit held by the United States in Miami. Do you believe this precedent will somehow hold sway over the future of Ibero-American Summits?

[Robaina] The Cuban position regarding the Hemispheric Summit was clearly defined by our president during the Ibero-American Summit in Cartagena. Many thought Cuba would take the opportunity to condemn that famed Miami summit, but Cuba came up with the postulate and concept that whatever is good for America will be good for Cuba, even if Cuba is not present. That concept, which was advocated one year ago, is still being advocated and will be advocated in the future. Anyhow, those of us who had the opportunity to follow the Miami Summit and its development can tell you of a very strong summit of social activities and a summit of intentions repeated for a second time, intentions that came and went and were never fulfilled, and even the development of the Hemispheric Summit is up in the air. I believe that, without trying to take away from the role that that summit might play and what it might demonstrate in its lifetime, one must wonder why the United States showed an interest in meeting at the very moment that the Ibero-American Summits were taking shape, form, and results. It seems to us that the way in which we were doing it, the fact that Latin America was meeting without the participation of the United States, was a source of worry for them. We still must see if it continues, and it is up to us to exploit not only the rest of that integrated Latin America, but also that connection with Europe. In my opinion, yes, on the continent we have two alternative summit mechanisms. One, the last one I mentioned, above all had the clear intention of demonstrating how all those summoned can meet, excluding the country that was excluded, as everyone knows, and in practice, I would add, highly manipulated. We believe there is much dissatisfaction with the Miami Summit, above all because many were summoned, but there was little work on what was to be the summit's goal. I believe it is better for the actual participants to talk about this, and they have held important discussions in this regard.

[Villanueva] On a day like today, 26 June, the UN Charter was signed in San Francisco 50 years ago. In this context of a unipolar world, what can we expect of the United Nations?

[Robaina] We advocate the idea of not sitting around waiting. It would be wrong for us to pass judgment on the United Nations in general, encompassing all its intentions and tying the Charter with the nations and certain member countries, certain members of the Security Council. It would be wrong to make a general evaluation without differentiation.

On a day like today 50 years ago, a charter was signed, a charter to which many frequently refer, but in this regard Cuba has problems with the way in which many refer to the UN Charter. It is convenient to them, but they ignore it when it is not convenient.

[Robaina] I would say that 50 years later, there is today much talk about the festivities and celebration of the UN's 50th anniversary. In this case, I prefer to use a Frei Betto expression: I would rather not talk about festivities or celebrations. I prefer to talk about commemorations. A commemoration means to remember, and to remember means, among other things,

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finding out if what is contained in the charter it followed. I believe it is highly valid, but nowadays everyone is free to interpret it their own way, and some have discussions and theories on the value or lack of value of the principle of nonintervention and the principle of sovereignty. New principles are showing up, concepts which did not exist 50 years ago. Some are already speaking about updating the charter. However, as the United Nations arrives at its 50th anniversary, if those who originally signed the charter had the courage to face the emerging new concepts, it would be a reason for great concern among them. Cuba has serious concerns regarding many of the new operations and roles of the United Nations.

Cuba might agree with many mechanisms — to understand, discuss, and remain aware. to find out what mankind can do regarding a conflict, but also dealing with the sovereignty and domestic affairs of other nations, and now certain [words indistinct] are appearing new names. We now have humanitarian interventions, peacekeeping operations, and certain operations called preventative diplomacy; even more recently, the one called operation to restore democracy. It is very hard to understand that democracy is no longer reached in the ballots, but arrives in helicopters and on warships. I am convinced that when the charter was signed, concepts such as these were unthinkable.

[Villanueva] Minister, there is then the danger that the United Nations is being reshaped to the image and likeness of this unipolar world in which we live?

[Robaina] I believe that at the threshold of this new century, and under the current circumstances, there is every possible danger, and such a danger might very well exist. However, I believe there are still many voices in the United Nations that do not agree and are not willing to let that happen. In what measure... [changes thought] This is why we have said that we must win the struggle from within the United Nations and make the United Nations respond to the charter that gave it life, rather than the government that manipulates it, or the government that tries to manipulate it. That is the challenge we all face. This is why we advocate discussing in the General Assembly and not in the Security Council, which does not reflect ttrue geographical, population, or territorial distribution, a Security Council which we have said many times before keeps us on our toes because every time they meet we have no idea who is going to be implementing any of those new concepts, or any of these operations that are mentioned. I believe we all run that risk. It is not a matter of not running the risk, but of preventing such acts from being carried out, and it seems to us that the UN stage can become an important channel for that — to bring together, as part of the 50th anniversary, the greatest possible number of international heads of states in such an event, and letting the heads of states say what they think, what the United Nations needs 50 years later. I would say that above what is needed is for the nations to be truly united. If I were asked, I would say they are today more estranged than ever.

[Villanueva] Well, I believe we can once again address the issue of the meeting with the nation's emigre community. Regarding the Nation and the Emigre Community conference, what was the goal of the previous meeting, and of the forthcoming one in November? And your opinion on whether we are headed down this path.

[Robaina] The goal is the same as that which made us call for the conference a year ago. I would say that that conference, which caused so much surprise and such a stir, and which on this very program, we explained to the people the government's goal, we could say remains the same one year later. Or better yet, it increases, thanks above all to the clean, clear conduct of the Cuban Government regarding the issues discussed in the previous conference. I would say that one year and a few months later, we have not only summoned the conference at a time when the situation of the Cuban community in the United States has become particularly more complex for discussing all the issues and views being debated there right now, but we are doing it also at a time when Cuba has faithfully fulfilled everything the conference set out to do, and where every current limitation to a normal process between the government and its emigre community stems from the U.S. side, not the Cuban side. This is something we have to clearly understand.

[Robaina] I would say that we are seeking, particularly with the summons, to further that path, to further the path of normal relations, basically in terms of emigration, which has resulted in many Cubans seeking to establish a process of normal relations with their country and remaining aware. It is our policy to help those Cuban communities abroad to have all the elements, all the information on Cuba to above all be able to wage the struggle needing to be waged in those places. In my opinion, the most important thing is, for example, nothing is more useful for Cuba than that community of Cubans living in the United States to wage in the United States the struggle that has to be waged in the United States, and the struggle that has to be waged in the United States to lift the blockade.

[Saab] We must return to an answer you gave at the beginning regarding the Far Right. Is the Cuban emigre community in the United States, and specifically in Miami, very fragmented?

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[Robaina] I believe that the characteristics of the Cuban community worldwide, but particularly in the United States, is everyday broader and more diverse. I would say that there are many opinions because it is also shaped by the period when the emigration took place. There are many from the first period, and many from later phases who, although their reasons were economic, gave their emigration a highly politicized context in order to ease their admission. However, I believe they have highly diverse personal experiences which have shaped our opinion of the Cubans living abroad. I believe it is important, and I welcome the way in which the people want and need information, not only so that they know it, but also so they feel as if they can participate in the drafting of this policy.

In our opinion, what is important is not evaluating the attitude they had at the time they left, which was shaped by the times, circumstances, and situations. Today, so many years later, we have to evaluate, above all, the attitude they currently have toward Cuba, and the attitude many of them currently have toward Cuba is the result of their personal experiences, where many have faced a reality completely different from that portrayed to them and the great dreams sold to them. I would say that this makes people think. This is why many seek to maintain normal relations with Cuba. Others fell into the arms of that paradise and do not want anything to do with Cuba. Others are seeking to know more and trying to find things out. I would say that this is what has been substantially shaping the different traits among those layers of [words indistinct] of Cuban emigres in the United States.

[Saab] There should therefore be broader representation in the next conference?

[Robaina] Yes, I believe that every time we engage in such a process, it is necessary to increase the level of representation. There is one game rule: We invite and talk with people who respect and understand Cuba, and who defend this platform and concept. We have not asked anyone to share an ideological position. We do not need, in order to defend what we are defending, to share an ideological position. However, we are not going to condone anyone's coming to the meeting summoned by the Cuban Government, telling us what we have to do and change, and above all, taking the stand of trying to solve from abroad what they already decided not to live in their own country and move to another. Cuba respects their decision, but you have to respect the attitude of those of us who stayed in the country. I would say that these are the things the people have to become aware of. The process of normalizing relations does not mean that we have forgotten everything. I do not believe that we can speak of having forgotten everything because in Cienfuegos they insisted that we must understand that this process is channeled through normal paths. I stressed that they need to understand that our people are in need of many explanations because, to say it plainly, there are wounds that have not yet healed, there are things that are really not resolved, and this requires a very strong process of explanation.

As important as it is to normalize relations with Cubans abroad, do not harbor any doubts, it is much more important for us and Cuba to normalize our living and working conditions.

[Arencibia] How have these contacts progressed, because in the previous conference there was talk of the need for continuity. The meetings are important, but it is well known that they are nothing more than that. What is more important is the systemization that might be established in this process. From April 1994 to today: What happened?

[Robaina] It has substantially increased, and that is what we endeavored to do. We have worked to not have to hold a second conference to assess what it did and did not fulfill, but to serve as another opportunity for analysis and reflection on the many things that have taken place. I would say that this year we have worked to bring sectors closer together — intellectuals, scholars, businessmen, youth, women. We have been working on making many different contacts, and many participants have represented those sectors of the Cuban community in discussions held at parliament level and in other institutions. I would say that the second conference is simply a point of analysis and reflection, but will allow us to seeks new paths for making the conference not the normal thing, but based on relations between one conference and another.

[Saab] Is the agenda for this second conference established by the Cuban Government, or is it established through discussions and consultations with the participants?

[Robaina] The government calls the conference and proposes and sets the agenda. However, the government, as with everything we do, goes through a process of consultation and opinion gathering. We listen to many views from Cubans here and Cubans abroad in order to draft the agenda.

[Villanueva] Well, we have practically run out of time. One final question: We are aware that the Ministry of Foreign Relations has other highly important tasks ahead. There is a meeting of the Association of Caribbean States [ACS] on tourism. Could you tell us something about it.

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[Robaina] In the closing months of the year, many summits are going to be held. There is one summit for heads of state for mid-August, 17-18 August. The special characteristic of this summit is that it will bring together member countries of the ACS, and dedicate the first meeting to three very important issues: commerce, transportation, and tourism. I would say that these are the three issues that can contribute most to uniting the countries of the ACS, to which Cuba has much to contribute and much to learn, particularly because of our geographical location in terms of sea, air, and tourism transportation.

[Villanueva] This is the first economic outcome of our joining the ACS?

[Robaina] We could say it is the first event resulting from the creation of the ACS at heads-of-state level.

[Villanueva] I believe we have addressed many foreign relations issues. Thanks very much to our comrade, Foreign Minister Roberto Robaina, for agreeing to this dialogue with a few representatives of our news media.

Castro, Lazo, Alarcon Attend Election Plenum

FL0107012595 Havana Radio Rebelde Network in Spanish 2300 GMT 30 Jun 95

[From the "Exclusive" program]

[FBIS Translated Excerpt] Commander in Chief Fidel Castro presided over a plenum in Havana to discuss preparations for the upcoming elections. Delegates of Havana's 15 municipalities provided information and discussed the work performed in support of the electoral process, and what will take place on election day, 9 July.

Comrade Esteban Lazo, first secretary of the Party in Havana, and Ricardo Alarcon, president of the National Assembly of the People's Government, participated in the meeting. [passage omitted]

[Havana Tele Rebelde and Cuba Vision Networks at 0000 GMT on 1 July on its regularly scheduled NTV program announced that speeches by Esteban Lazo and Richard Alarcon will be carried by Tele Rebelde Network on its "This Very Day" program at 0200 GMT on 1 July 1995]

Minister Assures Economy No Longer in Free Fall

FL0107145695 Havana Radio Rebelde Network in Spanish 2300 GMT 30 Jun 95

[From the "Exclusive" program]

[FBIS Translated Text] Economy and Planning Minister Jose Luis Rodriguez has told economy sector workers that the Cuban economy is no longer in free fall, with signs of recovery registered during the first six months of 1995 a continuation of the trend observed in 1994. Rodriguez made it clear that this general trend does not take the sugarcane sector into account, the most important Cuban economic sector with the potential to generate the significant amount of foreign currency that the country needs.

Deputy Foreign Minister on Caribbean Tourism

PA0107011595 Havana PRENSA LATINA in Spanish 1933 GMT 30 Jun 95

[Report by Clemente Nicado]

[FBIS Translated Text] Havana, 30 Jun (PL) — Cuban Deputy Foreign Minister Jorge Bolanos has said that, if there is a factor that stimulates unity among Caribbean countries, it must be tourism. He told PRENSA LATINA that the subject was debated during a preparatory meeting in Trinidad and Tobago for the Association of Caribbean States [ACS] summit to be held in Puerto Plata on 17 and 18 August.

Bolanos said there was an agreement in that the so-called smokeless industry is a decisive factor and one that brings considerable revenue to the area economy. A country might or might not have crude oil, bauxite, or gas, but every one of them possesses the potential for tourism, and this represents the first, second, or third most important source of revenue. For prosperity in this field, there must be a steady development of transport, a subject that, together with trade, will be included in the presidents' summit agenda. There are problems in this area, however, because the Caribbean airlines are being privatized, a fact that could hamper the projects for improvement in the field.

The diplomat described as excellent a document on this subject that will be presented to the area presidents. The document constitutes a detailed analysis of this field in the Caribbean, its positive and negative aspects, and ways to correct the latter.

The Caribbean states try to promote multidestination tourism, a field to which Cuba can contribute much because, since this initiative was applied, this country had in mind the probable benefits for the area.

Part of the European tourists who land in Cuba then travel to several Caribbean islands and Mexico by way of the multidestination arrangement. Havana, however, could profit also if local area vacationers are also received this way. In this region, the Caribbean islands can complement each other. For instance, it would be very profitable for small neighboring countries to receive a large number of European tourists. Cuba could profit from those who lodge in their installations, he

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said. Finally, he said: It would be very good if cruise lines would call at a dozen or more Caribbean ports.

Panamanian Personnel on U.S. Military 'Abuses'

FL0107143295 Havana Radio Rebelde Network in Spanish 2300 GMT 30 Jun 95

[From the "Exclusive" program]

[FBIS Translated Text] Panamanians working on U.S. military bases in the Panama Canal Area have accused their superiors of serious labor violations and other abuses. The workers, who asked not to be identified for fear of reprisals, claim that it was agreed that they would be compensated following base closings. While permanent workers will receive compensation, temporary workers — who make up the majority of the work force — will not receive any payment, despite the fact that some of them have worked continuously for 25 years.

EU Support Seen as Prelude to Cooperation Accord

FL3006210995 Havana Radio Rebelde Network in Spanish 1700 GMT 30 Jun 95

[Commentary by Orlando Contreras from the "National Radio News" program]

[FBIS Translated Text] The European Union's [EU's] unanimous decision to expand its relations with Cuba could be the prelude to a cooperation agreement between Cuba and one of the largest integrated markets in the world. At the same time, it represents another rejection of the anti-Cuban Helms-Burton Bill, an initiative by the U.S. Extreme Right that transgresses every international trade agreement that exists, and violates the UN Charter and the basis of international rights by presuming that the U.S. Congress can bestow upon the U.S. Government extraterritorial power to enforce its laws.

The Nazi Third Reich did this in the European countries it conquered during World War II and the Roman Empire did the same in its time. Nowadays, such an attempt is a judicial and political aberration that did not prevail even during the most crucial periods of the Cold War.

The EU member countries have individually rejected similar imperial attempts. The EU decision to expand its ties with Cuba, unanimously approved this week in Brussels, was therefore the next logical step toward individual rejection by that union's member countries.

In that context, one must keep several factors in mind: the United States's isolation during the last UN General Assembly elections on the U.S. blockade of Cuba; the recent decisions by the Rio Group; and the position of Cesar Gaviria, president of the Organization of American States.

It is evident that the end of the blockade would benefit our economy, but we are not sitting around waiting for external decisions to do our work. In the end, with or without the blockade, our economy's recovery depends on us; it depends on the support of the people and on the measures we have taken and continue to take.

Haiti

Aristide Meets Lawyers; Advocates Free Legal Aid

WA3006202395 Port-au-Prince Signal FM Radio in French 1030 GMT 30 Jun 95

[FBIS Translated Excerpt] President Jean-Bertrand Aristide met with lawyers representing different Haitian cities yesterday morning at the National Palace. This meeting with Haiti's lawyers falls within the framework of establishing the rule of law in Haiti. President Aristide asked for the assistance of the lawyers, helpers of the justice system [les avocats auxiliaires de la justice], so as to ensure that justice is handed down to those to whom it is due. President Aristide advocated creating a council of lawyers to represent those to whom justice is due but who cannot pay the fees involved in consulting a lawyer.

[Begin Aristide recording, in Creole] [passage omitted including indistinct portion] And when there is a president—along with you yourselves, and other citizens—who all get together, that doesn't mean that all the problems are going to be solved. It does mean that we will become stronger. Each of us will buttress the others. Each of us will support the others, so as to seek solutions together. And only thus will we manage to rebuild a country that has a 200-year-old tradition of weapons and destruction. It is the law that should permit people to function.

Fortunately, just as I never stopped saying to you, we no longer have a repressive Army. Nevertheless, if we don't take advantage of this historic moment—we ourselves, the chief of state, men of the law, citizens of Haiti, [illegible]zens of this country [words indistinct]—so as to manage to lay the foundations provided by the law so that the next generation can harvest a state based on law, a country in which everyone respects everyone else's rights, a country where there is no atmosphere of insecurity, a country in which justice is in bloom, the next generation will censure us, beginning with me! [end recording]

For their part, the lawyers who responded to the president's appeal all acknowledged the need for profound

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changes in the way the Haitian judicial system functions. A lawyer from the Artibonite region seized the opportunity to bring up the matter of land disputes in the Department of the Artibonite. [passage omitted including indistinct portions]

That was a lawyer from the Artibonite, who talked about agrarian reform during the meeting with President Jean-Bertrand Aristide yesterday.

Aristide To Meet Political Leaders 30 Jun

WA3006200195 Port-au-Prince Radio Metropole in French 1600 GMT 30 Jun 95

[FBIS Translated Text] A group of political party chiefs was to be received today, Friday, at the National Palace by President Aristide. The president has already met with 12 political party leaders this week, to discuss the protests that have arisen over the 25 June elections. The CEP, or [Provisional] Electoral Council, too, was to meet with political leaders to discuss the 25 June elections.

The first partial results of these elections have still not been made public five days after the first round of elections. The vote-counting operations— for the regions in which the elections were not too greatly disturbed—are under way in Port-au-Prince and at centers in the Artibonite valley and the Department of the Southeast.

Meets Party Leaders for 2d Time

FL0107112095 Bridgetown CANA in English 2344 GMT 30 Jun 95

[From the "Broadcast News Summary"; no dateline as received]

[FBIS Transcribed Text] Haitian President, Jean-Bertrand Aristide, met Friday with political party leaders and electoral officers to try to salvage Sunday's bitterly contested parliamentary and local elections. On Thursday, sixteen political parties, more than half of those which participated in the elections, signed a petition demanding that the results be annulled over alleged electoral irregularities. The final tally for most elected posts are not expected to be announced for several more days. Although the voting itself was largely peaceful, it has been followed by scattered violence and at least one killing. The meeting with party leaders was Aristide's second this week.

Political Parties Meet 29 Jun, Issue Resolution

WA3006144095 Port-au-Prince Signal FM Radio in French 1030 GMT 30 Jun 95

[FBIS Translated Text] [First announcer] Some 20 political parties met yesterday at the Christopher Hotel in Bourdon [Port-au-Prince neighborhood]. Close to 20 political parties gathered in Bourdon to take a position vis-a-vis the 25 June elections. There were certain points on the agenda. First, the declaring of the elections null and void everywhere, the material mistakes, the acts of violence and abuses of authority, the unwarranted pressures and constraints, the administrative breaches, and the characteristic instances of fraud (?were) duly noted—that is in the nine geographical departments of Haiti, and at all levels.

The second point touched on during this meeting: reconstituting the Provisional Electoral Council [CEP] in the spirit of the initial compromise reached following consultations among the parties regarding the original invitation from the president of the Republic. The participants exchanged views on the points raised and formed a committee to set out a common position, which the nation and the competent authorities will be informed of as soon as possible.

Among the parties that participated in this meeting were Conacom [National Congress of Democratic Movements], MDN [Mobilization for National Development], MKN [National Cooperative Action Movement], MNP-28 [National Patriotic Movement of 28 November], Modelh-PRDH [Democratic Movement for the Liberation of Haiti-Democratic Revolutionary Party of Haiti], PAIN [National Agricultural and Industrial Party], Panpra [Nationalist Progressive Revolutionary Party of Haiti], PDCH [Haitian Christian Democratic Party], and a goodly number of other political parties, other parties involved in politics.

And they adopted a resolution, right?

[Second announcer] Signal FM has received a copy of the resolution. In this resolution, the political parties that met yesterday resolve:

— To ask that the CEP be reconstituted in the spirit of the initial compromise reached following consultations that took place between the political parties and groups at the invitation, originally, of the president of the Republic, that is: via a public drawing from among the names of citizens known for their integrity and presented by the political parties and groups, two names per party. From these names, the nine members of the new CEP will be chosen, by means of a drawing.

— Along the same line, to call for the participation of the political parties and groups at all proceedings,

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at all levels, of the CEP's electoral apparatus — meaning the BEC's [Communal Electoral Offices], the BED's [Departmental Electoral Offices], and the BIV's [Registration and Voting Offices] — by means of representatives of the political parties and groups on every BEC, BED, and BIV committee, chosen by means of a drawing based on a list of names presented by all the political groups participating in the elections.

— To require that cases of whimsical rejection of candidacies by the current CEP that are legally and materially unfounded be reviewed; the reopening of the registration of candidates and voters for an extra week; the putting into effect of the constitutional and budgetary dispositions of financial aid to the political parties and groups for their campaign needs; as well as the allocating of air time over the state media for freely expressed propaganda by the parties [pour la libre propagande des parties] during the electoral campaign.

Lavalas Claims Electoral Victory in First Round

PA3006140995 Mexico City NOTIMEX in Spanish 0430 GMT 30 Jun 95

[FBIS Translated Text] Port-au-Prince, 29 Jun (NOTIMEX) — The Lavalas Political Organization, a coalition headed by President Jean-Bertrand Aristide, on 29 June claimed victory in the first round of the elections held last Sunday.

Jean-Baptiste Chavannes, who is in charge of electoral affairs for this political institution, said his group won legislative, municipal, and local elections and a majority in parliament.

Chavannes did not specify the percentage by which the Lavalas (avalanche in Creole) Political Organization won the disorganized elections, which are facing possible fraud charges.

A victory for the Lavalas Political Organization would give Aristide a chance to gain a majority in the legislature and thus proceed to abolish the Army, which has been a constant factor in national politics since its inception in 1804.

Meanwhile, the Provisional Electoral Council (CEP) announced that initial results will be available on 30 June.

The other political groups, among them the National Front for Change and Democracy and the National Congress for Democratic Movements, accused the CEP of "incompetence and favoritism."

According to local analysts, these elections served as a trial run for the upcoming presidential elections on the Caribbean island to elect a successor to Aristide, who will complete his presidential term in February 1996.

Some 3.5 million voters cast their votes at 10,031 polling stations to elect in the first round 18 of 27 senators, all 83 deputies, and all members of the municipal councils and communal boards.

The CEP said that after revealing the final results of the elections, a second round will be held on 23 July if necessary. This would be a first since the reinstatement of Aristide as president of the nation.

Aristide was reinstated as president on 15 October 1994 after being toppled by a coup d'etat in September 1991 that led him to live in exile in the United States.

RDNP Deputy Candidate Withdraws From Race

WA3006153795 Port-au-Prince Signal FM Radio in French 1030 GMT 30 Jun 95

[FBIS Translated Text] The RDNP's [Assembly of Progressive National Democrats] candidate for deputy of the Port-au-Prince 5th District is dropping out of the race. (Carline Vierge Gelin) says she is sickened by the scandalous irregularities noted during the 25 June elections. She terms the elections a selection by the state.

[Begin (Gelin) recording, in Creole] I am desisting, as a way to make democracy blossom in Haiti. I will continue working, as president of the Civic Education League whenever they engage in civic education. I will finish the manuscript of my book, which is the [word indistinct] elections, so that perhaps we will not fall into electoral fraud, electoral scandal, electoral [word indistinct] in state elections—in the very name, still [toujou] of the raison d'etat.

And we.... [pauses] For me, it was not an election. It was an appointment. It was a selection by the state, but I.... [end recording in mid-sentence]

Remy on CEP 'Infiltration,' BED Dismissal

WA3006153895 Port-au-Prince Signal FM Radio 1030 GMT 30 Jun 95

[FBIS Translated Text] Anselme Remy, president of the Provisional Electoral Council [CEP], yesterday denounced the high-level infiltration of the electoral apparatus by partisans of certain candidates running in the elections. According to Remy, certain CEP employees were in collusion with certain candidates, whom they provided with not only blank voter registration cards but also information on the coding system of the voter cards.

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A voter registered normally on the electoral lists can encounter difficulties in voting because, with the existence of fraudulent voter cards in circulation, it is possible to find in the same office voter cards bearing the same code number, says the CEP president.

To explain the consequences of such fraud, Remy says that on election day a candidate can recommend to his partisans who have falsified cards in their possession to go out and vote very early in order to bar the way to voters holding genuine voter cards. The CEP president implied that each department and each city has its own code number, in order to facilitate the reliability of the information having to do with the electoral process.

Regarding the firing of (Jean Scion Barthelemy), the president of the Departmental Electoral Office [BED] of the [Department of the] West, and his replacement by (Laurent Bossuet Aubour), Remy emphasized that (Barthelemy) was fired for incompetence and culpable negligence.

Remy also confirmed that the information on the assassination of Mr. Henock Jean-Charles, a candidate for deputy for the Anse-d'Hainault District, by a CONACOM [National Congress of Democratic Movements] candidate was given to him in person by a UN functionary in Port-au-Prince.

Asked about Friday's tripartite meeting at the National Palace between President Aristide, the CEP, and the political parties on last Sunday's elections, Remy was careful not to comment before the start of this meeting.

The CEP was to have begun publishing last night the first partial results of the elections. According to information obtained from a reliable source, the first partial results indicate that Wesner Emmanuel, the Lavalas candidate for senator, is ahead, followed closely by Jean-Robert Sabalat, an independent candidate.

ALAH Leader Georges Warns of 'Civil War'

WA3006205395 Port-au-Prince Radio Metropole in French 1600 GMT 30 Jun 95

[FBIS Translated Excerpt] Some 20 political parties yesterday issued a joint communique demanding that the 25 June elections be declared null and void and that the electoral council [CEP] be reconstituted. [passage omitted]

It is to be noted that the FNCD [National Front for Change and Democracy] and the SUNLH [expansion unknown], among other parties, did not participate in that meeting, to sign that joint communique.

Now let's listen to statements made by the ALAH [Alliance for the Liberation and Progress of Haiti] leader [Reynold Georges] to [reporter] Rothschild Francois about the demands of those 20 or so political parties.

[Begin recording, in Creole] [Francois] [Passage omitted] What, exactly, were the results of that meeting?

[Georges] Well, Rothschild, we are happy that we came up with a resolution. [passage omitted] And we had to do this before they started promulgating the results of elections, so that they would not be able to say that the reason we were contesting the elections is because we lost.

And this time, I hope the political parties respect everything they sign, this time — because we must (?not) hand the CEP, the government, or Lavalas the country on a silver platter, with the elections. So, there is only one thing I would say to them: The government [pouvwa] is like a wild mule [oun milet pwop], a mule that has not been broken. You can monitor the mule and, when it falls asleep, climb up on it. But staying on the mule when it wakes up is the trick!

We told President Aristide in very clear terms the other day, at the National Palace, that they must declare those elections null and void. He will not hear of it. This morning, right now, I am heading for his house, to a lunch to which he invited us. [passage omitted]

If they don't decide to admit that the elections are not valid [ke eleksyon yo pa bon], well, Rothschild, I just don't know how they are going to govern this country, first of all. Secondly, at the meeting held at the palace the other day, the executive put out a letter in which he treated the political parties like disorderly children. Now, that was not the goal of the meeting. It was, precisely, so we could discuss the elections.

[Francois] [question omitted]

[Georges] [passage omitted] Those are not elections! And we protest vigorously against all the members of the international community that are trying to make us swallow that poison. If we drink that poison, we will all die. And we had already said, too, Rothschild: It is a civil war in Haiti that the CEP is preparing! The country will turn into another El Salvador.

It is not what we would like, but when one has to defend (?oneself), you must use [ou fet pou itilize] all the means at your disposal! [end recording]

That was Reynold Georges of ALAH.

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CEP Decides To Withhold Further Electoral Information

PA0107035295 Madrid EFE in Spanish 0140 GMT 1 Jul 95

[By Herold Jean-Francois]

[FBIS Translated Excerpt] Port-au-Prince, 30 Jun (EFE) — The Provisional Electoral Council (CEP) today decided not to report, for the time being, partial or total results of Sunday's legislative, municipal, and local elections until an agreement is reached between the CEP and the political parties.

The decision was made in a meeting between President Jean-Bertrand Aristide, CEP representatives, and leaders of the main political parties.

Meanwhile, political leaders have reiterated the request that Sunday's elections be annulled, as the 20 parties had agreed.

Serge Gilles, president of the Nationalist Progressive Revolutionary Party of Haiti (Panpra), said there is unanimity between the organizations on the voting irregularities.

Gilles said that there is generalized discontent among the parties and that all want President Aristide and the CEP to take into consideration the unified position of Haitian political organizations.

He said that new talks could be held, like today's, to discuss the affair, but that the CEP should bring together all its members, on a yet-to-be-decided date, to decide about the past elections.

Despite Gilles' statements, there are political parties that want the elections annulled and the CEP reorganized, while others ask for the annulment of only the election places where the most irregularities and problems were reported.

A Lavalas Political Organization (OPL) leader, who wishes to remain anonymous, told EFE that there is a consensus among the groups on the need to repeat elections where irregularities were greatest.

He said that Sunday's disorganization problem reflects the breakdown of Haiti's institutions.

The OPL leader compared the 1990 elections when Aristide was elected with the legislative, municipal, and local elections held Sunday.

He commented that in the 1990 elections the CEP members were more prepared than this time.

Meanwhile, French Ambassador to Haiti Philippe Seltz was of the opinion that, even though Sunday's elections had problems, they were "good." [passage omitted on comments by U.S. ambassador]

Former BED-West Official Reacts to Dismissal

WA3006172195 Port-au-Prince Signal FM Radio in French 1030 GMT 30 Jun 95

[FBIS Translated Text] Regarding the dismissal at the Departmental Electoral Office [BED] of the Department of the West, this morning we have the reaction of Mr. (Jacques Scion Barthelemy), the former president of the BED-West, who has been replaced by (Laurent Bossuet Aubour).

I remind you that Mr. (Barthelemy) was replaced yesterday, and Anselme Remy, the president of the Provisional Electoral Council [CEP], said that (Barthelemy was fired for incompetence and culpable negligence. (Barthelemy) defends himself, at Signal FM's microphone:

[Begin (Barthelemy) recording in mid-sentence, in Creole] ...and that I had entered the apparatus, the CEP, as president of the BED of the Department of the West. Just a few days after that, I felt that they [not further identified] did not like my being in the BED. They did things that showed us [nou] that.

For example, in the beginning, according to the calendar, we [nou] were supposed to open the registration offices on 26 March. We ourselves took all the steps necessary to do that. But, as you [nou] know, we would've had to have the means to do it.

For example, in the beginning we did not even have premises. There were no premises for either the BED or the BEC's [Communal Electoral Offices]. Nevertheless, we ourselves, with our experience and resolve, made things work, respected the calendar. Thus, the offices began operating on 26 March, despite the fact that we ourselves, the BED, did not yet have premises, nor did the BEC's.

Well, when we saw.... [pauses] We figured it wasn't a real problem.... [pauses] We came to see what it was they were seeking to block.

Take the matter of our bank account, for example: They gave me a check for 146,500 gourdes so I could put it into... [pauses] so I could open a bank account. Well, despite all my efforts, that was never done. We got all the way to the end of April without that ever being done. It was under pressure from the foreigners, who said: It is not possible to have the BED-West not be able to function.... [pauses] And that's when they unblocked the account.

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They did all kinds of other things too! They did a bunch of things that showed that we ourselves.... [pauses] they did not like my presence at the head of the BED-West.

Well, no. Despite all those difficulties, we held on. We made things work properly, despite all the difficulties.

Well, we see that elections were, in fact, despite everything, held in Port-au-Prince, despite all the anomalies we had — which did not depend on us, because it was they who never gave us the means to allow us to really operate. They constantly blocked us, in everything. They refused.... [pauses] And it isn't just the BED- West; it is all the BED's, [repeats] all the BED's that are constantly complaining.

And you can [words indistinct] them. You can ask them to give you an interview, so that you can see that it is the same thing there. They [not further identified] never really wanted us to operate.

Thus we say, now that we have arrived at the phase.... [pauses] for example at the ballot-counting phase, now they decide to move me away from the race [yo ekarte mwen de kous la]!

So, I don't know. It's as if they have realized I am a person they cannot approach to ask for certain favors. Maybe that's why they made this decision, now, to move me away from the elections [kous la]. [end recording] That was a statement by Mr. (Jean Scion Barthelemy), former president of the BED-West who was removed yesterday by the CEP president for alleged incompetence and negligence.

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Government To Utilize $2.5 Billion To Pay Debt

PA0107140195 Mexico City NOTIMEX in Spanish 1006 GMT 1 Jul 95

[FBIS Translated Text] Mexico City, 1 Jul (NOTIMEX) — Mexico will receive $2.5 billion on 5 July as part of the $20 billion financial package the United States granted Mexico on 21 February, the Finance Secretariat announced on 30 June.

The Finance Secretariat issued a communique stating that the resources will be made available by exchanging medium-term notes (swaps).

The Secretariat said that with the disbursement, the resources granted by the U.S. Government to Mexico will have reached $12.5 billion, all of which has been allocated to pay the public sector's short-term liabilities denominated in foreign currency, including Tesobonos [treasury bonds].

The communique stated that the resources received on 5 July will be added to those contributed by the IMF, the World Bank, and the Inter-American Development Bank, which will total $5 billion.

The Finance Secretariat said that with these resources the country will have sufficient funds to meet short-term obligations abroad, especially the Tesobonos payments the Mexican Government must face in the next few months.

The Finance Secretariat added that short-term obligations abroad have been considerably reduced, which has contributed to the stabilization of the stock, credit, and money markets.

The communique added that the amount of Tesobonos in circulation has dropped from $29.2 billion in early January of this year to $9.95 billion this weekend.

Zedillo Notes Need To Improve Infrastructure

PA0207145395 Mexico City Radio Red Network in Spanish 0000 GMT 1 Jul 95

[Report by Victor Manuel Suberza from "The Night Monitor" program]

[FBIS Translated Text] As part of the events commemorating Engineers Day, President Ernesto Zedillo acknowledged that private sector participation will help eliminate inefficiencies in the country's port, airport, highway, and railroad infrastructures.

The president commented that private domestic and foreign capital will be able to participate under innovative and clear-cut bid proposal strategies based on guidelines such as high yield, quality, and competitive tariffs.

Zedillo said the country cannot continue with obsolete and overused highways or with new highways that are not fully utilized. Likewise, the president acknowledged that much remains to be done to the country's railroad system and that lags in the sector inhibit economic performance and force railroad operations to depend entirely on public support.

[Begin Zedillo recording, in progress] ...in the new legal framework, we will encourage development of a new railroad system that is safe, reliable, and efficient. Attracting private domestic and foreign capital through clear-cut, stable guidelines will be a key factor in meeting this objective. We will encourage private participation in port activities to stimulate free competition and to motivate industrial, commercial, and tourism development. [end recording]

During a meeting with the leadership of the Mexican Union of Engineers Associations, which is headed by (Fernando Favela Losolla), Zedillo reiterated that the efforts of all Mexicans, combined with the government's strategy, are having excellent results in overcoming the crisis.

He added that he is particularly optimistic the country will soon be able to overcome its economic problems.

Zedillo Meets Exporters in San Luis Potosi

PA3006225795 Mexico City XEW Television Network in Spanish 0430 GMT 30 Jun 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo told Mexican exporters in San Luis Potosi that in today's globalized world, international trade will have strategic importance, if there is adequate participation in the world's market.

We have a firm, vigorous, and sustained opportunity for economic growth based on the country's export activity, the president said.

During a meeting with exporting firms, President Zedillo said that, during the first five months of this year, the country's export of manufactured goods increased by almost 32 percent compared to the same period last year. He said that, thanks to the country's exports, the trade surplus reached almost $2 billion as of May of this year. Zedillo said the country's primary economic goal is to reach a GDP annual growth rate of 5 percent per year.

[Begin Zedillo recording] This point is crucial. For many reasons we must make an extraordinary effort to generate jobs, many good jobs. We will make a maximum effort to create jobs, first because we are a country with a shortage of capital and abundance of

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human resources. There is an urgent social need to provide worthy and sufficient salaries for many more Mexicans. [end recording]

President Zedillo arrived at the Tampico airport in the morning, from which he traveled to Ebano Municipality, in Aguasteca Potosina. There he witnessed the signing of the interinstitutional agreements to help resolve the farming problems faced by officials at the (Pujalcoy) Irrigation Project. This project has faced serious problems of land ownership. The president promised that, before the year 2000, there will be full legal guarantees for the three forms of land ownership: ejidal [a form of land tenure], communal, and private.

Zedillo was informed about programs for the reuse of sewage water at the Cultural House. He confirmed the Mexican Government's commitment to a full democracy and said dialogue is the institutional basis for building democracy.

The president met with officials from centers of higher learning at the Autonomous University of San Luis Potosi. He later held private meetings at the Government Palace. Accompanying the president on his tour were: his wife, Nilda Patricia Velasco, the secretaries of agriculture, agrarian reform, and environment, natural resources, and fisheries, as well as the governor of San Luis Potosi, Horacio Sanchez.

President Zedillo returned to Mexico City in the afternoon.

Foreign Secretary Calls For Reform of San Jose Pact

PA3006183295 Mexico City NOTIMEX in Spanish 0141 GMT 30 Jun 95

[FBIS Translated Text] Cancun, 29 Jun (NOTIMEX) — Foreign Secretary Jose Angel Gurria Trevino today said the time to revise the San Jose Pact has come, because the objectives for which it was created are no longer valid and because we must adapt it to today's world.

In a lengthy speech at the lunch session of the Fourth Seminar of Cancun, Quintana Roo (southeastern Mexico), entitled "Business Opportunities in the Caribbean Basin," the government official also discussed the creation of the Association of Caribbean States [ACS].

He pointed out that the San Jose Pact, which was created to guarantee the supply of low-cost oil to Central American nations, has more than achieved its goals and must be revised to change its objectives and mechanisms.

The chief of the Mexican foreign policy invited Venezuela to support the proposal to reform the San Jose Pact.

Speaking to businessmen from 27 Caribbean nations, Gurria lauded the creation of the ACS, "because the time has come to make the Bolivarian dream of Latin American integration a reality." He called on the region's businessmen to unite and take the first steps toward Latin American economic integration, "which will allow us to be commercially bound together through businesses."

He explained that the seed of American integration that was sowed in the Miami Summit has started sprouting through the signing of the free trade agreements with Chile, Venezuela, Colombia, and Costa Rica. Gurria also pointed out that the Latin American region has already become a strategic zone and that this is the why we need to strike alliances with nations of the area. In addition, it is imperative to expand policies of mutual interest.

In this regard, he affirmed that the nations will have to start binding themselves together, and this is why Mexico will soon reopen its embassy in Jamaica and will continue to work alongside the Group of Three, with which it shares an embassy in Anibia [place-name as received].

On another subject, Secretary Gurria also announced that President Ernesto Zedillo will attend the Caribbean Common Market (Caricom) meeting in August.

Meanwhile, Salvador Arriola, Mexico's permanent secretary at the Latin American Economic System (SELA), disclosed that within eight months, Mexico will become closer in trade matters with the EU and Mercosur [Common Market of the South]. He noted that Mexico has not become closer in trade with the Caribbean nations because of the lack of information on how to broaden commercial ties.

Finance Secretariat Reports IDB Representative Replacement

PA0107225395 Mexico City XEW Television Network in Spanish 0430 GMT 1 Jul 95

["Bulletin" issued by the Finance and Public Credit Secretariat; from the "24 Hours" newscast — read by newscast director Jacobo Zabludovsky]

[FBIS Translated Text] The Finance and Public Credit Secretariat reports that it has appointed Moises Pineda Padron as executive director of the Inter-American Development Bank [IDB], representing Mexico and the Dominican Republic.

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Pineda Padron is currently the director of International Financial Organizations of the Public Credit General Directorate of the Finance and Public Credit Secretariat.

Pineda Padron, an official of vast experience, has served the Secretariat since 1983.

Jose Cordoba, who had been the executive director since April 1994, has decided to accept an invitation from the World Bank to become a high-level trade consultant.

[Madrid EFE in Spanish at 1715 GMT on 1 July carries a 300-word report stating that the Mexican Finance Secretariat has accepted the resignation of its representative to the IDB, Jose Cordoba, who at one point was considered the second most powerful man in the government of President Carlos Salinas de Gortari.

[Cordoba's resignation has been called "unwise and inopportune" by the opposition, because Mexican media have alleged that he was involved in the assassination of presidential candidate Luis Donaldo Colosio on 23 March 1994]

Labor Secretary: More Than 2.2 Million Unemployed

PA0107043395 Mexico City NOTIMEX in Spanish 0051 GMT 1 Jul 95

[FBIS Translated Text] Morelia, 30 Jun (NOTIMEX) — Mexican Labor and Social Welfare Secretary Santiago Onate Laborde said today that more than 2.2 million Mexicans are unemployed and 8 million are underemployed.

Following the installation of the Productivity and Competitiveness Council [Consejo de Productividad y Competitividad] in Michoacan State, western Mexico, Onate said: "the economic conditions prevailing in Mexico have unquestionably affected the labor market."

Onate said at least 8 million Mexicans are underemployed, because they only work an average of 15 or 20 hours a week.

He said, however, the Emergency Employment Plan [Programa Emergente de Empleo] promoted by President Ernesto Zedillo has generated almost 550,000 temporary jobs in urban and rural areas thus far in 1995.

Onate Laborde said the states that have benefited the most from the emergency plan are Veracruz, Oaxaca, Nuevo Leon, Guerrero, and Michoacan.

Regarding the possibility of modifying the Federal Labor Law, Onate said no modifications have been planned yet, but "should there be concerns, the case would be examined and discussed with labor and management."

The Michoacan Productivity and Competitiveness Council is formed by businessmen, farm producers, workers, and federal and state authorities.

The council will attempt to modernize the business sector and, concurrently, maintain and train the labor force.

Lesson Drawn From Japanese Politics

95CA0290A Mexico City REFORMA in Spanish 19 Jun 95 p 9-A

[Commentary by Raymundo Riva Palacio, journalist and former director of government news agency NOTIMEX: "The Japanese Mirror"]

[FBIS Translated Text] Tokyo. Yukio Aoshima was a popular actor who played the "Sly Grandmother" character on television when, inspired by the Japanese custom of artists dabbling in politics, he decided to give a new twist to his career. And last April, without support from any political party, he won the governorship of Tokyo.

Aoshima decided that his campaign would be a non-campaign, so his expenses during the pre-election campaign weeks did not exceed 14 million new Mexican pesos. His platform, which he publicized only through television interviews, centered on two points: making government spending more transparent and informing Tokyo's residents where their tax money was going; and cancelling Expo Tokyo, a business megaproject whose costs would almost have rivaled the federal budget of Japan. Aoshima, the antithesis of everything the political parties represented, won the election without difficulty.

Japanese politicians and analysts had not gotten over their amazement when they learned that Nokku Yokuyama, another actor, a follower of the *rakubo* or story-telling tradition, also without any party backing, without investing money in a campaign, but just by talking to people in a language they understood, had won the governorship of Osaka, Japan's second largest city, whose economy in that industrial region rivals the world's most solid economies.

The consternation of the Japanese *establishment* increased and various analysts of voting patterns in Tokyo and Osaka concluded: people no longer believe traditional leaders can offer alternatives, they are looking for new ideas, and their apathy is turning into rage. Above all, they are fed up with the government, bureaucracy, and political parties. Takashi Inoguchi, a professor of political science at the University of Tokyo, maintains that the disillusion of the Japanese with the political system comes from the fact that Japan is now experiencing a decline in government power.

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But that is not all, say a number of political leaders. "Our people are certainly frustrated, because the electoral system is in very bad shape," conceded Koji Omi in a recent conversation. He is a deputy in the Liberal Democratic Party (LDP), which in 1993 lost its 38-year monopoly on power. "The challenge is politicians' ability to solve problems." Leadership, noted Satsuki Eda, deputy and one of the most influential members of the New Frontier Party, a faction that split off from the LDP and which represents the most conservative spectrum in the Japanese parliament, "our problem is leadership."

The problem is both more complex and more universal. What is happening in Japan is the same thing that Italy, England, Spain, and the United States are experiencing. It is the great crisis of political parties, adrift in the confusion of the post-Cold War era, their reference points altered without the Berlin Wall, with the East-West ideological confrontation over, leaving them without an enemy. The Soviet Union, their nemesis for four decades, has disappeared, and governments and political parties of what was the West have lost their compass and direction.

However, the parties' crisis does not only affect nations that were engaged in the Cold War. In that sense, Japan is an instructive mirror of what is happening in Mexico. Despite their fundamental differences, like the type of government, analogies in terms of proceedings and operations of the political machines, the composition of top political leaders who are the decision makers, the high-level cadres facing scandals involving corruption, the odd alliances and the concession-making (a term still not coined here) show amazing similarities.

Part of the disillusion, say the Japanese, stems from the fact that political alternatives have vanished. From the postwar period until 1993-94, outside the LDP monopoly a group of parties centered around the Socialist Party always offered an alternative for change. With the fall of the Berlin Wall came the end of the LDP's hegemony and also a slippage at the center of the Socialist Party, which now heads a fragile coalition government supported firmly by the liberal democrats, who, despite their name, are conservatives.

The Socialist Party, with Prime Minister Tomiichi Murayama at its head, changed its old political positions and initiated changes that brought it closer to the LDP. In the first place, it recognized the security agreement with the United States which was signed after World War II and with it, the existence of the Self-Defense Forces it had considered unconstitutional until 1994. Then it agreed not to continue to press for a new national anthem and a new flag that would eliminate the memories of imperial Japan and proclaim antimilitarism.

This shift, considered a 180-degree change, created a climate of understanding with the LDP and held out the possibility of parties taking turns in office. Of course, as political science indicates, for there to exist a possibility of peaceful party rotations, the contending parties must operate with the same referential context, so as not to alienate their internal and external political support. That proposition was, of course, accompanied by the Soviet Union's existence, and it did not pay sufficient attention to the new material, existential, and intellectual needs of voters who have been transformed by the media-dominated society in which they have grown up.

The Japanese parties had to swallow a bitter pill in the recent local elections in Tokyo and Osaka, and they are facing a feeling of revulsion toward the political parties, the government, and all the institutions that symbolize their past.

The government, political parties, and institutions in general in Mexico are going through a similar experience. Perhaps this is not yet perceived as clearly as in other nations. Maybe with a strict attachment to Mexican culture, the leaders of these institutions are reluctant to admit that they have entered the tunnel of institutional crisis and do not know if they will emerge from it unscathed.

But it will probably be difficult to deny objective factors like the growing similarity of political vision between the PRI [Institutional Revolutionary Party] and the PAN [National Action Party]. The technocratic generation that supported the Salinas government and maintained a line of continuity with the government of President Ernesto Zedillo has altered the PRI's vision for the nation by combining it with features of the vision of which the PAN was dreaming. President Carlos Salinas adopted the PAN economic program almost in its entirety and incorporated a number of its political proposals. The result is that, in good part, the Salinas-style nation was founded on PAN ideals.

Of course, that drawing together of political and ideological positions has enabled the start of a rotation in office between the PRI and the PAN, which is now fashionable in democracy, but which holds no guarantee for the future when the electorate begins to see that in reality, no matter what the party symbols, it is simply more of the same thing. The strong rightward drift in Mexico and the fall of the Berlin Wall have unbalanced the left, represented legally by the PRD [Party of the Democratic Revolution]. Unlike the PAN, the PRD has been unable to appeal to a dissatisfied electorate; on the contrary, it has alienated voters.

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There is some confusion in Mexico. The left, which is needed as a counterweight and alternative model for the electorate, has been weakened by its internal battles and the lack of clarity of its platform. And the center, composed of the government and the abject Los Pinos PRI sector, continues to move closer to the PAN, in a rightward realignment that is eliminating their political-ideological differences in the eyes of the voters. The great crisis of the Japanese system is a forerunner to a Mexican crisis, and if quick solutions are not adopted, a Mexican Aoshima may take everyone by surprise.

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Guatemala

Foreign Relations Minister Resigns

PA0107214195 Panama City ACAN in Spanish 2002 GMT 1 Jul 95

[FBIS Translated Text] Guatemala City, 1 Jul (ACAN-EFE) — Official sources confirmed today that Guatemalan Foreign Relations Minister Maritza Ruiz Vielman has resigned the position to which she was appointed by President Ramiro De Leon and which she has occupied since January 1994.

Presidency Secretary Carlos Secaira announced to the press that the president had not yet been able to assess the resignation presented earlier this week by Ruiz Vielman.

The resignation will be analyzed once the president returns from his trip to Europe, Secaira commented, without specifying which European country.

For the time being, the post of foreign minister will be occupied by Deputy Foreign Relations Minister Bernardo Arevalo, while some unofficial sources have begun to mention Edmond Mullet, Guatemalan ambassador in the United States, as the candidate most likely to replace Ruiz Vielman.

Jorge Arenas, current presidential adviser and former leader of the National Union of the Center (UCN), has also been mentioned.

If the president accepts the foreign minister's resignation, it will be the third time he has been forced to appoint a new foreign minister since he came to office 25 months ago.

Arturo Fajardo, current president of the Central American Economic Integration Bank (BCIE), was appointed foreign minister when De Leon Carpio came to office in June 1993.

According to officials close to the president, Foreign Minister Ruiz Vielman's resignation was a decision jointly agreed on between her and the president, who is attempting to intensify his foreign policy during the last six months still remaining of his administration.

One of the issues considered a priority by the Guatemalan president is the peace negotiations with the Guatemalan National Revolutionary Unity (URNG), which began in April 1991.

Both sides have agreed to sign a definite peace agreement this coming month of August, but local observers are concerned that the signing may be postponed because of the delays in the talks that have been mediated by the UN since January 1994.

Last week De Leon Carpio met with the World Bank Consultive Group in Paris to review his macroeconomic program, as well as the social projects he plans to undertake once the armed clash that began in 1960 comes to an end.

The community of donor nations ratified their support to the Guatemalan president's efforts and offered $553 million in credit and donations to finance the postwar phase.

Peasants Take UN Officials Hostages in Land Dispute

PA3006165695 Panama City ACAN in Spanish 1443 GMT 30 Jun 95

[FBIS Translated Text] Guatemala City, 30 Jun (ACAN-EFE) — A peasant group belonging to one of the Army's paramilitary organizations known as civilian patrol groups has seized five foreigners, including two UN officials, one UNHCR member, and an official of Medecins Sans Frontieres, and are holding them hostage in a village close to the Mexican border. According to reports in Guatemala City today, the peasant group yesterday kidnapped the foreigners, including a member of the World Council of Episcopal Churches, to demand the government's intervention in a land dispute.

The two UN officials were identified as Ruy Yutaka Matsuda, a Brazilian, and Graham Russel, a Canadian, who are members of the United Nations Mission for Guatemala (Minugua), which oversees compliance with the peace agreements in this country. The other three individuals are U.S. citizen Paula Worby of the UNHCR, French citizen Ana Maria Suberve of Medecins Sans Frontieres, and Daniel Long, whose nationality has not been disclosed, of the World Council of Episcopal Churches.

The officials went to the village of San Antonio Tzeja in Quiche Department yesterday to obtain information and mediate in a clash that occurred on 27 June between a group of Guatemalan refugees returning from Mexico and a group of peasants who oppose the refugees' resettlement in the area. The incidents, which left 10 injured, took place when the refugees were attacked by a group of peasants headed by Military Commissioner Raul Martinez (a civilian who has been given command duties by the Army).

The refugees, who returned to Guatemala a few months ago and had been lodged provisionally in the installations of a nearby parish, were to be transferred to the land the government had assigned to them for resettlement after their return from exile. The land, however, which is the same land they lived on before leaving the

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country during the armed conflict, is occupied by Indians like themselves who demand rights over the property and refuse to leave.

The leader of the kidnappers demanded today the presence of Guatemalan President Ramiro De Leon Carpio or Defense Minister Mario Enriquez to solve the dispute before releasing the foreigners. Reports in Guatemala City indicate that approximately 60 policemen have been sent to San Antonio Tzeja, but it has not been reported whether the government has had any contact with the peasant group.

This is the most serious conflict of the entire repatriation process of the more than 45,000 Guatemalans who went to Mexico as exiles during the past decade. Approximately half of those Guatemalans have returned to their country.

While a solution is found, the refugees have decided to remain close to the San Antonio Tzeja village under the supervision of the government's Special Guatemalan Commission for Assistance to Repatriates (CEAR).

Release 5 Human Rights Observers

PA3006232695 Panama City ACAN in Spanish 2213 GMT 30 Jun 95

[FBIS Translated Text] Guatemala City, 30 Jun (ACAN-EFE) — Official sources reported today, 30 June, that five foreign human rights observers whom paramilitary peasants had been holding since 28 June in an isolated region in northwestern Guatemala were released last night.

The United Nations Mission for Guatemala (Minugua), which is checking the respect for human rights in this country, disclosed that the officials were released the night of 29 June.

Members of the paramilitary groups known as the Civilian Self-Defense Patrols (PAC) from the hamlet of San Antonio Tzeja held the officials to exert pressure on authorities to resolve the land conflict they have with approximately 40 families of repatriated peasants.

Following their release, the officers were transferred to a Minugua office in Cantabal, which is near San Antonio Tzeja, sources from the organization stated.

The incident occurred in an area of difficult access know as Ixcan, which comprises territories in the departments of Huehuetenango, Quiche, and Alta Verapaz, 350 km from this capital.

Nicaragua

Chamorro, Assembly President Issue Statements on Agreement

PA3006200195 Managua Radio Nicaragua Network in Spanish 1130 GMT 30 Jun 95

[From the "Six Twenty Newscast"]

[FBIS Translated Text] Because we deem the agreements reached last night between the government and the members of the National Assembly to be very important, we are going to broadcast brief statements by President Violeta Chamorro and National Assembly President Luis Humberto Guzman.

[Begin Chamorro recording] [Words indistinct] and National Assembly President Luis Humberto Guzman at 0300. Excuse me, I am very hoarse.

We have spent [words indistinct] seeking a consensus — a unity to iron out our differences. We want a united, peaceful, and reconciled Nicaragua. An agreement has been reached. We have it, and we have already signed it. We are now [words indistinct] and we want to rebuild our Nicaragua. We want to pass our own laws out of common agreement, and we want to do everything we can to leave behind a Nicaragua that is stronger than the one we found.

I want to take advantage of this moment to tell the Nicaraguan people I am not going to run for reelection. When my time is up, Violeta will stay home.

Thank you very much, and thanks to all of the members of the National Assembly who have accompanied us, all for the sake of our fatherland. I want to tell you that this is not the first time that we have held this type of meeting to reach a consensus. We have been finding consensuses since 1990. Thank you. [end recording]

That was President Violeta Chamorro. You will now hear National Assembly President Luis Humberto Guzman.

[Begin Guzman recording, in progress] ...in the early hours of Friday, 30 June, and on behalf of my colleagues at the Board of Directors of the National Assembly, I am pleased to announce that we have reached a very important agreement on the Supreme Electoral Council and the law for the implementation of the constitutional reforms. We have reached an agreement on the timetable of activities that include the selection by the president of the three candidates to the Supreme Electoral Council.

The Board of Directors of the National Assembly will soon convene a full session of the assembly to elect the Supreme Electoral Council and approve the law we

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have discussed with the government. The constitutional reforms — in other words, Law 192 — will be published on Tuesday, 4 July. A joint commission also will meet. The commission members will draft a timetable of legislative activities to discuss the laws we have already agreed on with the executive branch. We are also going to discuss the application and the approval of the laws for the remainder of this legislative period. [end recording]

More on 'Definitive' Agreement

PA3006152395 Panama City ACAN in Spanish 1411 GMT 30 Jun 95

[FBIS Translated Text] Managua, 30 Jun (ACAN-EFE) — The Nicaraguan government and National Assembly today reached a "definitive agreement" to overcome the acute institutional crisis that the country had experienced for the past five months, when there were two constitutions.

President Violeta Chamorro and top Parliament leader Luis Humberto Guzman announced early today the details of the agreement reached after nearly nine hours of uninterrupted negotiations at the presidential house.

Delegates of the two branches started discussions at 0300 (0900 GMT) during which the government and the Parliament reached a consensus on the two issues that divided them the most: the election of five magistrates to the Supreme Electoral Council and drafting of a so-called "framework law."

This law will include all aspects of a political agreement reached two weeks ago, after 11 negotiation sessions characterized by fierce confrontations over the constitutional reforms approved by the Parliament, and that were not accepted by the government for several months.

President Chamorro, who was aphonic and visibly tired, told the media that in the past four days "we sought consensus and unity, and ways to overcome differences, and we are achieving that."

"We already reached and signed a consensus agreement because we want a united and peaceful Nicaragua," added Chamorro, who was obviously pleased by the agreements reached in the presence of delegates representing Cardinal Miguel Obando y Bravo, who served as witness and guarantor of these negotiations.

"I am not seeking reelection, and as soon as my presidential term ends, Violeta (Chamorro) will go home," assured the president, who will transfer power to another president on 10 January 1997.

Meanwhile, Luis Humberto Guzman, the christian democratic president of the Parliament, said that he was "pleased" by the achievement of a "definitive agreement."

Chamorro 'Proud' of Executive, Legislative Branch Agreement

PA0107013995 Managua Radio Nicaragua Network in Spanish 2238 GMT 30 Jun 95

[Speech by President Violeta Barrios de Chamorro at the signing of the constitutional reforms agreement at the Presidency in Managua — live relay]

[FBIS Translated Text] National Assembly President Dr. Luis Humberto Guzman, His Eminence Cardinal Obando y Bravo, representatives of the Catholic church, Messrs. members of the branches of state, Messrs. members of the government cabinet, Messrs. members of the diplomatic corps and international organizations, special guests, friends from the press:

Today I must tell you that I feel very proud because the Nicaraguan people have shown the world and ourselves that we are capable of overcoming our differences and of thinking about our fatherland's future.

A few months ago, very few of us thought that Nicaragua could reach a consensus on the constitutional reforms process. From the beginning of my mandate in 1990, I intended to make dialogue and reconciliation the bases upon which we would overcome our problems. Behind are the [word indistinct] in which violence and impositions were the only methods of government.

The signing of these political agreements, achieved at 0300 this morning, attests to the true exercise of democracy between the branches of state, whose duty it is to set an example of harmony and patriotism for our nation.

The results of the dialogue prove the maturity that the political forces in our country are developing. The commitments we made are necessary to strengthen democracy in Nicaragua and to guarantee our country's stability. We must not ask which of the branches has gained more concessions. These agreements have not left any winners or losers. The great winners are the Nicaraguan people. Dialogue has prevailed over intolerance and democracy has triumphed in our country.

We are at the outset of an event that is fundamental to our democratic transition process — the reformation of the political constitution. I have always sought consensus reforms for the Constitution we inherited. Such reforms would achieve true balance and independence between the four branches of state and guarantee a state of law. Although the views of the legislative and executive branches on this issue were quite distant, this

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intense dialogue has allowed us to overcome our distrust.

The commitments made in the area of governability will allow us to work together in favor of the country's stability and the peace of all Nicaraguans. We have agreed on a common work agenda that will allow us to have a harmonious and fluid relationship, as should be among branches of state that are in constant contact. By consensus we have formed a Supreme Electoral Council with very serious people from many backgrounds, thus guaranteeing the continuity of Nicaragua's democratic process and the purity of the 1996 elections.

International electoral observation of the elections will increase the confidence of all Nicaraguans. None of these agreements would have been possible without the conciliatory presence of our dear friend Cardinal Miguel Obando y Bravo, as a witness and guarantor. He was accompanied by Monsignor Eddy Montenegro and his advisers. For him I request a great round of applause. [applause]

Nicaragua has a great debt of gratitude because of that contribution to unity and consensus among Nicaraguans. I would also like to thank the boards of directors and representatives of the political parties in the National Assembly for their cooperation throughout these conversations. I must also especially acknowledge the friendly countries that facilitated this agreement. Applause for them. [applause]

Dear Nicaraguans, these agreements attest to the fact that I have never aspired to reelection, and that my sole interest lies in leaving a reconciled Nicaragua. Upon signing these agreements, my first thought was for the well—being of our fatherland and its future, in what we are doing now, with all the confidence that God has given me, and with an enormous and profound faith in democracy and its institutions.

My great desire is to leave a better Nicaragua, to conclude my mandate by surrendering the presidential sash to a civilian elected by popular, free, and secret votes. I aspire to leaving a Nicaragua in peace; democratic and united, capable of dealing with problems in a responsible and mature manner.

The efforts we have made throughout these months of negotiations should help us all to realize that the nation's interests should always stand above partisan and personal interests. [applause]

Above all else we are Nicaraguans, and it is our duty to work together for a better future for our Nicaragua. All of us, with the help of God, are obliged to help consolidate democracy in our fatherland, as members of one Nicaraguan family. Thanks very much to all of you, thanks my dear president. [applause]

Guzman on Agreement To Overcome Institutional Crisis

PA0107020395 Managua Radio Nicaragua Network in Spanish 2233 GMT 30 Jun 95

[Speech by Luis Guzman, president of the National Assembly at the signing of the constitutional reforms agreement at the Presidency in Managua — live relay]

[FBIS Translated Text] President of the Republic; his eminence; members of the National Assembly Board of Directors; members of the cabinet; honorable diplomats; dear friends:

This is a landmark occasion in the life of Nicaragua. We have ended an old political tradition marked by pacts to distribute sinecures and political privileges. We have reached an agreement to overcome an institutional crisis, but, most importantly, this agreement is one that makes possible an advancement in the construction of a new institutionality in Nicaragua. This is a fundamental and decisive step in consolidating the democratic system in our country. I believe we all should be generous and sincere enough to admit this is a bold step in this government of transition, for which President Chamorro must indeed be credited. [applause]

I also believe now is a good time to reiterate the Nicaraguan society's recognition of that courageous messenger of freedom, His Eminence Cardinal Obando, under whose inspiration we have succeeded in overcoming this crisis and laying the groundwork for a new institutionality. [applause] I also would like to recognize and express appreciation for the faction heads of the National Assembly who have contributed to this agreement with foresight, intelligence, and nobility. My colleagues at the Board of Directors have also made an effort and have contributed to making this agreement possible. [applause]

We have demonstrated that we are capable of settling our disagreements through civilized procedures, holding negotiations, and defending our views firmly and honestly. Nothing has kept us from attaining this agreement. I am persuaded that this agreement on the implementation of constitutional reforms will usher in a new and promising future for Nicaragua. Thanks. [applause]

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Leal on Agreement Between State Branches

PA0107021495 Managua Radio Nicaragua Network in Spanish 2253 GMT 30 Jun 95

[Interview with Foreign Minister Ernesto Leal by reporter Eduardo Gonzalez at the Presidency in Managua — live relay]

[FBIS Translated Text] [Gonzalez] Here with me is Foreign Minister Ernesto Leal. How have you been?

[Leal] How's it going?

[Gonzalez] This is a live Radio Nicaragua broadcast. What are your thoughts about this event, this agreement between the two state branches?

[Leal] I believe the Nicaraguan people should feel proud that a conflict between two branches of state has ended. In the past, the state branches simply received instructions from the executive branch. They were not independent. We should feel proud and satisfied that an agreement has been reached through dialogue and negotiation. We Nicaraguans are demonstrating our maturity and that Nicaragua's democratic process is totally irreversible.

[Gonzalez] Will the international community take a positive view of this event?

[Leal] I believe so. It should have a considerable impact on the international community. The main issue is the great impact the agreement should have in Nicaragua, as well as the great message being sent to the nation that from now on the Nicaraguan people will resolve their conflicts and differences through dialogue and negotiation. Dialogue has been a reality since 1990, and we are witnessing the gradual consolidation of a democratic process.

Lacayo To Appeal Restriction on Candidacy

PA0107023195 Managua Radio Nicaragua Network in Spanish 2206 GMT 30 Jun 95

[News conference by Presidency Minister Antonio Lacayo Oyanguren with unidentified reporters at the Presidential Palace in Managua — live relay, broadcast in progress]

[FBIS Translated Text] [Lacayo] ...I consider that there are many Nicaraguans living abroad or who have returned to Nicaragua in recent years whose rights have been limited. I believe that in Nicaragua of today, where thanks to our president we have guaranteed the nonexistence of political prisoners, I do not consider acceptable that deputies can come and (?describe) as political prisoners, which is the way I feel.

If I cannot have the same rights they have, it is for some reason that is not acceptable in a democracy. Nevertheless, I feel very satisfied that throughout these four weeks of dialogue this topic has never been raised by the government in the talks. We had already said that this is not a topic that the government is interested in. It is a topic that some people are individually interested in, and these people must defend each of their cases, which is also applicable to me.

[Reporter] Does this mean that [words indistinct] and could end up calling for an alliance in this National Project?

[Lacayo] Definitely there is no [words indistinct].

[Reporter] Do you also rule out an alliance between Sergio Ramirez, Humberto Guzman, Antonio Lacayo, and [words indistinct]?

[Lacayo] As long as they are against equal opportunity, this is totally ruled out. If we are going to compete, it is going to be on equal grounds, and this is where I want to see them.

[Reporter] In what sense do you say this? Is it in the definitions?

[Lacayo] Definitely. Those who do not believe in democracy cannot be part of the National Project.

[Reporter] What do you consider, on political grounds, [words indistinct]?

[Lacayo] Very simple, because I believe that once the reforms come into effect, Antonio Lacayo, as well as many Nicaraguans, especially people who have lived abroad, will have their rights reduced once reforms come into effect. As a democrat I believe that in a democracy Nicaraguans must have equal opportunities. It is not right that people who went into exile, pushed by the Sandinist government, now come back and are told they cannot hope to hold public office because they need to have lived in this country for five years. That makes them second-class citizens.

It is not right either that people who are related to a president have to be penalized in their rights, when we know that in a democracy it is the people who elect the president and no one else. Then we should have no fear that the people are going to be deceived.

Cardinal Obando y Bravo has repeatedly said on numerous occasions that it is the people who must decide, and I believe this. Thus I am going to see how I can use strictly legal methods, such as pleas of unconstitutionality in due course, to manage to break these chains that have been placed on me by those have brandished this disqualification flag.

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[Lacayo] The president of the National Assembly said that this was something else altogether within the democratic process in Nicaragua. Do you believe there is greater autonomous strength in each of the government branches to deal with a situation such as you propose?

[Lacayo] Possibly yes. I believe that the way in which reforms are buffeted within the legal framework consolidates the independence of government branches, and this is good.

[Reporter] When will you retire from government? Will it be when (?she announces it) to the country?

[Lacayo] When the president gives me the green light.

[Reporter] Do you believe there can be tranquility with these agreements while the National Assembly still remains under occupation?

[Lacayo] You would need to ask that question to those who took the National Assembly over.

[Reporter] [words indistinct]

[Lacayo] I do not believe Henry Ruiz much. I never believed Henry Ruiz when he was commander of the Revolution or when he was minister, so I am not about to believe him now.

[Reporter] What meaning will this agreement wanted by all the Nicaraguans and also by the international community have for the international community?

[Lacayo] I think the international community is very happy to see how we Nicaraguans are demonstrating once again what we demonstrated in Tapoa and through the Toncontin Agreements in 1990, and what we demonstrated through the Transition Protocol and through the Agreement: that we Nicaraguans can get together and reach agreements.

This agreement between the executive and legislative branches makes clear that we Nicaraguans are people who believe in dialogue, that we have left violence behind, that we do not want to resolve problems any other way than through dialogue and negotiations. The international community likes this, and this is why we are very happy that the differences between the two branches of the state have been resolved through talks.

[Reporter] What will you do to run for president?

[Lacayo] I want to explain this. My defending a right has nothing to do with becoming a candidate. I have made no decision on that. I will make that decision when the time comes, but I do want to know I have a right all Nicaraguans have. I believe in equal opportunities and in democracy; I do not believe there can be first-rate and second-rate citizens in a democracy. I do not believe the people who went into exile now must be considered second-class citizens, not having the right to run for public posts, as the reforms read, unless they have lived here for the past five years.

I am against that the same way I reject that a relative of a president must be punished for being relative of the president. I think being a relative of Violeta Chamorro is an honor because I know she is a serious person and the person who has done the most for democracy in the past five years. I am very proud that throughout these years I have been near her working for this cause.

I do not accept having people who at a given moment were against democracy now raising restrictive banners and pretending to be magnificent democrats. By doing this they are exhibiting their fear of having to deal openly with Antonio Lacayo during an election campaign. This is like admitting defeat. This is why they have resorted to the restrictions expedient.

I will make my defense in the framework of democracy. I will appeal to the honorable Supreme Court of Justice when this measure goes into effect. I expect to find justice there.

[Reporter] Do you think the economic movement that is becoming evident and the anticipated National Project campaign contribute to the possibility of you becoming a candidate?

[Lacayo] It is a political project that is being launched right now, not anybody's candidacy. It has been said clearly that National Project candidates will be designated in February of next year, during a primary election. We are going to be the first political force in the country's history to openly consult the people about who should be candidates. There is going to be no hand-picked candidate.

[Reporter] [words indistinct] economic support?

[Lacayo] I do not agree with that either. Businessmen who are prepared to use money so that the people know about this new political option are not negotiating with their money. Three or four months ago, we Nicaraguans were troubled by the idea that we were going to have to choose between Sandinists and constitutional liberals. The people were worried about this. Now there is a new option, and the people like it.

[Reporter] Do the political forces fear this new option? Do you think they fear an option that does not even have a candidate?

[Lacayo] They definitely do. They fear the National Project.

[Reporter] Regarding the importance of the agreement, people want to know details about alleged under-the-table arrangements. Was there this kind of arrangement?

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[Lacayo] I don't know about any, and I don't think there was any small print in this agreement. I, at least, did not participate in any kind of small-print negotiations.

[Reporter] When will you initiate your political struggle as aspirant to a post?

[Lacayo] This is not what my struggle is about. My struggle is to be able to enjoy the rights that all Nicaraguans enjoy. If I am able to get rid of restrictions, I will make a decision, at a suitable moment, on whether to launch my nomination with the National Project or not. I will analyze this with emphasis on what will be best for the National Project, because for me the victory of our electoral project in the upcoming elections is the most important.

[Reporter] The city mayor says you are afraid of political campaigns.

[Lacayo] Let this be decided in campaigns. He is on the side of restrictions because he is afraid of me.

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Argentina

Decree Defines Functions of New Cabinet Chief

PY3006145395 Buenos Aires LA NACION in Spanish 29 Jun 95 p 8

[Report by Jorge Monti]

[FBIS Translated Text] In the next few hours the government will release a decree defining the administrative functions of the cabinet chief, Eduardo Bauza, and the structure that will support his administration.

The norm has already been approved by the Public Function Secretariat, and is now being evaluated by the Finance Ministry.

The decree will specify which decrees will be signed by the head of state, and which decrees will only need the signature of the chief of cabinet.

LA NACION had access to a copy of this draft decree, which was analyzed in general terms at Government House yesterday. Advisers from the General Secretariat and Legal and Technical Secretariat headed by Felix Borgonovo, and representatives from all the ministries and state secretariats, participated in the meeting.

The norm will specify the prerogatives of the minister coordinator [chief of cabinet]. The government wants them disseminated as soon as possible.

The draft decree points out that Bauza will exercise the country's general administration. He will also supervise the collection of national revenues and the implementation of the national budget law. The chief of cabinet will also distribute and authorize changes into budget appropriations.

The chief of cabinet will have the responsibility of submitting to Congress the draft bills on ministries and budget (both scheduled to be presented during September) after they have been analyzed and approved by the executive branch.

He will also be in charge of "implementing the state contracting regime and the administration of state assets" (biddings and direct contracting, including those under the executive branch).

The chief of cabinet will be responsible for appointing administrative employees, except for those under the president.

Bauza will handle topics of national public administration like leave permits, separation, expense allowances, appointments, service commissions, etc. The chief of cabinet, accompanied by the other ministers, will present a detailed report to Congress on the state of the nation and each department's plans and programs each time Congress begins its ordinary sessions.

Co-signature

The minister coordinator will co-sign, among others:

— Need and urgency decrees (together with the other ministers, following their general agreement).

— Decrees partially promulgating laws (also with the other ministers).

Presidential Topics

The head of state, as is well known, will supervise the chief of cabinet's task of collecting the nation's revenues and their investments in accordance with the budget law.

When appropriate, and with the signature of the corresponding minister, President Carlos Menem will sign the approvals for trips by the presidential entourage, the appointment of the Treasury attorney, the salaries of magistrates, and the appointment of officials.

The decree establishes that the executive branch will issue decrees co-signed by the chief of cabinet only in cases related to privatizations, hydrocarbons, radio broadcasting, national parks, car manufacturing, fiduciary funds, declaration of historic monuments, nuclear energy, and others.

Defense and Foreign Ministries

The president will bear responsibility, with the signature of the defense minister, in a number of defense affairs, as listed in the decree (including peace missions, the state of siege, and the promotion of high-ranking military officers).

The head of state will continue to have the upper hand in the area of foreign relations for the opening and closing of consulates; for the appointment, transfer, promotion, and removal of diplomats; and for host declarations.

This decree on the chief of cabinet's prerogatives and duties will be accompanied by another decree defining the position's organic structure, which will have six secretariats: ministerial affairs, cabinet coordination, planning, financial administration, public sector, and administration.

Privatization of Provincial Banks Discussed

95SM0397B Buenos Aires CLARIN in Spanish 13 Jun 95 p 14

[Article by Miguel Angel Rouco: "Privatization of 12 Provincial Banks Being Prepared"]

[FBIS Translated Text] The governments of 12 provinces are working on the privatization of their official banks. The local aftereffects of the Mexican

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crisis have hastened the process. The provincial banks will use money from the Trust Fund to clean up their portfolios and facilitate sales. Debts will be rescheduled over 15 years.

A dozen official provincial banks are in the midst of being privatized and are seeking financing with support from the Trust Fund for Provincial Development (FF).

Access to the FF is vitally important to the provinces because it means rescheduling all bills due, by having all debts mature in 15 years, the same maturity as for the loans that the country got from the World Bank and the Inter-American Development Bank to set up the fund.

This is doubly beneficial to the provinces:

- Most of the banks' credits are against government agencies or provincial enterprises.
- The arrangement allows for the rescheduling of provincial government debt and the disencumbering of revenue-sharing monies.
- The FF will clean up the liabilities of the banks and allow them to be sold more easily.
- The FF will also clean up the bad debts of the financial institutions.

Accessing the FF does not come free, however, as it entails taking a series of steps that are often dictated by political requirements that could delay access.

The Provinces

The status of the process varies from province to province. In some it had already begun before the financial crisis that led to the establishment of the fund. In others the crisis triggered privatization:

- Catamarca: It recently passed the law. The terms are being prepared.
- Cordoba: Despite the refusal to privatize the two provincial institutions, the authorities are working on the bill to sell off the Banco Social.
- Entre Rios: The bank has already been privatized. An attempt is now being made to merge the Banco de Entre Rios S.A., the Banco del Este, and the Banco Integrado Cooperativo. The Central Bank of the Argentine Republic (BCRA) has to approve this; it will receive support from the private Trust Fund.
- Formosa: It is taking bids on the bank. The number two envelopes, with the financial offers, must now be opened. Since the privatization process had already begun, the disbursements will be received at the close of the process, after the World Bank-IDB [Inter-American Development Bank] gives its approval.
- Jujuy: The legislature has passed the law authorizing privatization of the bank. The framework plan must now be drafted; the terms and conditions must be issued, and the World Bank and IDB must approve the audit.
- La Pampa: It is asking the FF for help only to build up the capital assets of the current provincial bank; there is no intention of privatizing it.
- Mendoza: This is the only province that has already received FF money. The consulting firm is working on the terms and conditions for the separate sale of the two provincial banks.
- Misiones: The situation here is comparable to that of Formosa, and it will receive money after the process is over.
- Rio Negro: It is privatizing 59 percent of the package. The terms and conditions are already available, but BCRA approval is still pending, as it has objections to the balance sheet and inventories submitted by the province.
- Salta: It has already passed the law. It remains for the BCRA to approve the framework plan. Then come the sale of the conditions and approval by the World Bank-IDB.
- San Juan: The arrangements here are different as this is a corporation in which the province is a 50 percent partner. Privatization must be carried out under Law 19,550, which governs commercial partnerships.
- San Luis: The law has already been passed. The consulting firm has yet to complete the report and submit the framework plan to the BCRA. It could be issued soon.
- Tucuman: It passed a second law that allows the majority of the shares to be sold. It must submit the framework plan to the BCRA.

Against this backdrop, if the provinces fail to meet all of the requirements set by the World Bank-IDB, there will be no disbursements and the financial situation in the interior could worsen.

[Box, p 14]

Money for the Provincial Banks

To access the Trust Fund provinces must meet the following requirements:

- Pass a provincial law permitting the privatization of the bank;
- Submit a framework plan containing the privatization guidelines;
- The Central Bank must approve the audit submitted by the provincial bank;

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- The provinces must take bids on and make a preliminary award of the bank;
- Finally, a joint World Bank-IDB audit approves or rejects the entire process. If approved, the money is disbursed. If rejected, the provinces must review the objections and then submit modifications to the two international organizations for their final approval.

Bolivia

President Rules Out Possibility of Cabinet Crisis

PY3006214595 La Paz PRESENCIA in Spanish 25 Jun 95 p 7

[FBIS Translated Excerpt] Toledo (Oruro) 23 (PRESENCIA) — President Sanchez de Lozada today ruled out the possibility of a cabinet crisis. He stated: "No, no, nothing of the sort. We have too many problems to contemplate that possibility; that is an issue we prefer to pass over."

The head of state made these remarks following the inauguration of the "Toledo X-1" exploratory oil well.

Nevertheless, the president did not divulge the problems troubling his administration.

In reply to a question about how the economy was doing, Sanchez de Lozada said: "The economic situation is sound and solid." Resorting to his good sense of humor, the president added that a few thousand extra barrels of oil would always come in handy.

Sanchez de Lozada agreed with the remarks made by Economic Development Minister Jaime Villalobos who had asserted that Bolivia has a sustained GDP growth of 4 percent prompted by an increase in exports and deposits at banking establishments, that inflation was running at a moderate rate of approximately 4 percent, and that economic indicators show the country is growing.

The president added that the opposition must decide which is better: To have a country that is doing well or to have a country that is doing badly. He said that it goes without saying that if they were to care for the good of the country we would all fare much better. He then announced that next week the government will start political consultations with lawmakers to discuss the current government policy. Sanchez de Lozada reiterated: "I hope that in light of what has been done and said, there is a basis for consensus. I would like to once again point out that this is not a unanimous consensus, but one must bear in mind that the word consensus implies there is agreement in collective opinion even though individually some are not happy with it."

With regard to the announced political summit among the leaders of all Bolivian political parties, the head of state noted that the government must still make some headway with politicians from the interior and that such a summit could only be justified if a true agreement was worked out. [passage omitted]

Tovar Explains Troops at Brazilian Border

PY2906161595 La Paz LA RAZON in Spanish 18 Jun 95 p A3

[FBIS Translated Text] (Fides News Agency) — The defense minister and the Armed Forces commander in chief have strongly urged Brazilian authorities to coexist in a harmonious and integrated manner in the border areas, avoiding incidents that could damage the existing good bilateral relations.

The Bolivian military authorities made this appeal in response to a series of remarks by Brazilian military officers and civilians concerning the displacement of a Great Army Unit [Gran Unidad de Ejercito] from Rurrenabaque (Beni Department) to Cobija (Pando Department).

Just a "Misunderstanding"

Defense Minister Raul Tovar Pierola said: "Concerning this issue I believe there is a misunderstanding, which should be explained in a timely and accurate fashion." He confirmed that the 9th Army Division had been moved to the Brazilian border to meet "requirements concerning operations, regional development, and protection of the ecological system."

Freedom to Move Troops

The Armed Forces commander in chief, General Reynaldo Caceres Quiroga, emphasized that countries have the freedom to move their units within their own territory wherever their authorities so wish. He said: "Bolivia therefore does not have to ask anyone for approval to mobilize its units. We also cannot voice an opinion concerning military actions on the other side of the border."

Good Relations

Tovar emphasized that the relationship "between the two nations is among the best."

The defense minister added: "We Bolivians and Brazilians are living in an integrated manner. We are working toward improving the standard of living of the border population, who have been living in that part of the South American Amazon region for many years."

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European Union To Open Embassy To Channel Aid

PY2906175395 La Paz LA RAZON in Spanish 18 Jun 95 p A2

[FBIS Translated Text] Foreign Minister Antonio Aranibar and Ambassador Sabato Della Monica, head of the European Commission delegation, yesterday signed an agreement to open a European Union Embassy in the city of La Paz, with the goal of directly channeling financial cooperation. Aranibar announced with satisfaction that the European Union ambassador to our country would soon be named.

Assistance

In his speech Aranibar gave an account of the financial assistance supplied by the European communities to Bolivia for the implementation of various projects in various departments of our country, including Foreign Ministry trade attache programs, food assistance, assistance for natural disasters, and trade cooperation. Aranibar pointed out: "The signing of an agreement on the opening of a European Union Embassy in Bolivia therefore marks not only the continuity of an extremely profitable relationship for my country, but also the beginning of a new and more successful phase."

$420 Million in 18 Years

In his speech Ambassador Della Monica pointed out that Bolivia is one of the countries that has received the most cooperation from the European Union, as the European Commission has donated about 320 ECU's, or about $420 million, to our country between 1976 and 1994.

'Hidden' Interests Seek To Destabilize Economy

PY2806221395 La Paz PRESENCIA in Spanish 23 Jun 95 p 7

[FBIS Translated Text] Finance Minister Fernado Cossio has said that hidden political interests are trying to destabilize our economic system by assuming a "criminal" attitude against the entire nation.

The finance minister added that the Treasury (TGN) has good liquidity and the soundness of the financial system is guaranteed. He thus ruled out the possibility of a recession in productive activities on the grounds that the economy is growing at the rate of 4.3 percent.

Cossio said our economic and financial stability are guaranteed. He called upon the public to neither lose heart nor be guided by ill-intentioned information.

The finance minister explained that there was an imbalance at the TGN for administrative reasons. Given the fact that the Education Secretariat had to pay an extraordinary bonus to teachers, it has not been possible to immediately pay wages, as this represented an outlay of 120 million bolivianos.

Cossio said the delay in disbursements to universities came because remittances had to be rescheduled on account of the strike at the universities, which lasted for 17 days.

The finance minister pointed out that appropriations for La Paz University were in the process of being regularized.

Cossio denied that the TGN was honoring deposit certificates of those affected by the liquidation of Sur and Cochabamba Banks by the Central Bank through its own resources.

The minister has argued that the TGN administrative imbalance was not due to the fact that it is financing the voluntary eradication of surplus coca plantations in the Chapare region nor because of foreign debt servicing, since the latter is being paid on schedule.

Cossio asserted that the money from the National Housing Fund had been secured in government deposits, adding that it had never been used to enhance the liquidity of private banks.

Minister Cossio and Finance Secretary Gaby Candia briefed the Senate Industry, Commerce, and Tourism Committee on the situation of the TGN.

The finance minister reported that they fully briefed the Senate committee on the economic, financial, and cash situation of the TGN and explained to them the reasons why there were delays in payments to several institutions.

Gonzalo Valda, the chairman of that committee, was satisfied with the information provided by the two officials. He has said it has been established that the TGN is neither "bankrupt nor in a state of collapse."

The MIR [Movement of the Revolutionary Left] has stated that there is no cause for alarm since, according to what Finance Ministry officials reported, the TGN imbalance will be speedily overcome and it will not affect our financial activity at all.

Valda announced that there will be a new briefing session on the information the committee requested about the liquidation of the Sur and Cochabamba Banks, which is part of its supervisory duties.

Central Bank Denies Information to Congress

PY2906134195 Cochabamba LOS TIEMPOS in Spanish 18 Jun 95 p A3

[FBIS Translated Text] La Paz — MIR [Movement of the Revolutionary Left] Senator Gonzalo Valda said

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today that Bolivian Central Bank [BCB] executives had refused to release any information on the country's financial and private banking systems under the pretext that the information was protected by the "banking secrecy" rule.

BCB President Fernando Candia and Banks Superintendent Jacques Trigo sent an official note to the Senate explaining why they could not release any information on the national private banking situation.

"This is an absurd pretext. We will bring the matter up when Finance Minister Fernando Cossio testifies before the Senate Industry and Commerce Committee on 20 June," Valda said.

The Industry and Commerce Committee presided over by Senator Gonzalo Valda has been looking into the bankruptcy of the "Sur" and "Cochabamba" Banks. The senator complained from the very beginning that financial system officials have refused to cooperate with his congressional work.

The bankruptcy of these two banks left some $276 million in debts that were covered by the BCB. According to Valda, this situation has provoked liquidity problems at the Treasury.

Minister Cossio is supposed to shed light on all the alleged irregularities that have been detected in the country's banking system when he testifies on 20 June.

Country's Macroeconomic Stability Consolidated

PY0107025695 Cochabamba LOS TIEMPOS in Spanish 21 Jun 95 p B6

[FBIS Translated Excerpt] Bolivian Central Bank analysts have noted in the bank's report that Bolivia has consolidated its macroeconomic stability and has concluded the process of seeking international support for its economic program upon obtaining positive results in negotiations for the reduction and rescheduling of its foreign debt to the Paris Club.

They said that 67 percent of the debt was forgiven on this occasion, the highest percentage achieved thus far by the country with bilateral creditors. In this manner, Bolivia has achieved a total debt relief equivalent to $343 million, $76 million of which corresponds to a direct reduction, $85 million to the reduction of present value, $115 million to a reduction of concessional debt, and $68 million to delayed debt.

In the first case, the remaining balance will be honored in 23 years, including a grace period of six years at a commercial interest rate. The second case contemplates a period of 33 years, while the concessional debt will be rescheduled over 40 years, which includes a 16-year grace period. In the latter two cases — reduction of the concessional debt and delayed debt — interest rates will be below 2 percent annually.

The Bolivian Central Bank analysts added: "The total amounts as well as the absolute and relative values achieved in the negotiations are the most significant achieved so far within the framework of the Paris Club."

They noted that the debt discussed in these negotiations increased to $471 million, an amount that includes the period between 1 June 1994 and 31 December 1997; that is, the obligations falling due in this period have been condoned, rescheduled, or delayed. [passage omitted]

The achievements Bolivia has gained at the Paris Club are the final result of the process which began with the negotiation of the Expanded Structural Adjustment with the IMF in October 1994, an agreement approved by the board of that organization in December of the same year. It continued with the obtaining of commitments by organizations and member countries of the Consultative Group amounting to nearly $1 billion intended to finance the program of structural reforms in the country.

The Central Bank analysts reasserted that the results obtained at the Paris Club imply for Bolivia reducing payments to foreign creditors and adequately financing the resource needs for both the private and public sectors of the country. They open the necessary space in the balance of payments the country needs; they mean, for the fiscal sector, the reduction of payments to foreign creditors; and guarantee the adequate financing of its resource needs for the next three years, thus eliminating any type of uncertainty concerning the future development of the economic indicators and the availability of foreign resources.

According to the experts, the success of the negotiations is also the product of the broad support the international community granted to the government economic plan and to the program of structural reforms, processes considered the most adequate to accelerate the country's development and eliminate poverty.

Central Bank President on External Debt

PY0107005795 La Paz PRESENCIA in Spanish 25 Jun 95 Interviews Section p 5

[Report on an interview with Central Bank, BCB, President Fernando Candia by Marcel Unzueta and Esperanza Rebezon; place and date not given]

[FBIS Translated Text] "The increase [in Bolivia's external debt] reported in the first months of the year [it rose from $4.215 billion at the end of 1994 to $4.5865 billion at the end of May 1995] is almost exclusively due

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to the effect of exchange rate modifications — caused by the decline in the value of the dollar against the German mark and the yen — on our outstanding debt in those currencies."

Candia was of the opinion that the external debt has grown by some $350 million since the beginning of the year. He reiterated that this "was not prompted by the fact that Bolivia has asked for new loans. The outstanding debt in dollars has increased because the German mark has appreciated in value."

According to Finance Secretary Gabriela Candia, Bolivia's long-and medium-term external debt to 31 May 1995 totaled $4.5865 billion. Of this amount, $2.5545 billion is owed to multilateral credit organizations, $1.9961 billion corresponds to bilaterally contracted debt, and $35.9 million is owed to private banks.

The outstanding external debt up to 31 December 1991 amounted to $3.5823 billion. Of this total, $1.8004 billion was owed to international organizations, $1.5203 billion was owed to other countries, and $261.5 million was owed to international private banks.

The following table shows the current structure of the external debt:

— 55.7 percent of the total external debt corresponds to obligations with multilateral credit organizations such as the Inter-American Development Bank [IDB], USAID, the World Bank, the Andean Development Corporation (CAF), and the Andean Reserve Fund. Up to 30 June 1990, these organizations granted 95 percent of all foreign loans. Bolivia's number one creditor is the IDB, to which 31 percent of the foreign debt is owed.

The BCB reported that up to 30 April 1995, Bolivia owed $1.3986 billion to the IDB, $710.5 million to the USAID, $119.2 million to the World Bank, and $173.0 million to the CAF.

— 43.5 percent of the total external debt corresponds to obligations with governments of friendly countries. Up to 30 April 1995, it amounted to $1.9938 billion, of which $692.8 million is owed to Japan, $456.8 million to Germany, and $170.9 million to Belgium.

The following are other creditor nations: France, to which $107.0 million is due; the United States, $95.2 million; Austria, $93.8 million; the United Kingdom, $66.4 million; Spain, $21.9 million; and Brazil, $21.9 million.

Fernando Candia explained: "All prior obligations, viz, the total external debt of $4.500 billion, have been primarily earmarked for public investments and have been translated into projects of that nature, i.e. public works projects."

He added that most of the financial resources obtained through foreign indebtedness and earmarked for public investments were spent on road infrastructure (highways). "The remaining was appropriated for social investments and other sectors of the economy," he said.

The foreign debt has mainly financed government-owned enterprises such as Bolivian Government Oil Deposits — which is $400 million in the red — the National Enterprise for Electric Power — $168 million in the red — the La Paz Autonomous Water and Sanitation Board — $37.8 million in the red — the Airport and Air Navigation Support Systems Authority — $27.8 million in the red — Bolivian Rail — with a debt of $36.3 million — and the National Telecommunications Enterprise — which owes $26.4 million.

Bolivia's debt with the IMF differs from the public debt in that the obligations contracted became support loans for the balance of payments and are not allotted to any specific project. "In other words, IMF loans are not associated with any expenditures on public investments in particular. Rather, they are earmarked for the strengthening of the country's international reserves and foreign exchange position."

Candia explained that IMF disbursements increase the amount of foreign exchange Bolivia can have at its disposal. This in turn enables the country to make transactions and import goods and services on a greater scale than would be possible if it were to obtain foreign exchange through exports alone.

The debt Bolivia contracted with international private banks, which totaled $672.4 million in 1988, was rescheduled as of that year in two stages. It now amounts to $9.8 million, "i.e., it has practically been totally repaid and no more loans were secured." "In 1988, we had a debt of $672.4 million with private banks. The first repurchase — at $0.11 — canceled a total of $492.6 million leaving $179.8 million outstanding. The second stage of the buy-back arrangement entailed the repurchase of $170 million at $0.16. We thus have an outstanding debt of $9.8 million with private banks."

According to Candia, the outstanding $9.8 million debt has not yet been settled for several reasons. In some cases, Bolivia's State Bank [Banest] has obligations with commercial banks, in which the Banest is a shareholder. Hence, the confusion about debtor and creditor.

"In short, there are several pending issues in the repayment of this debt. That is why this negligible outstanding debt has not yet been settled. Our debt with

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commercial banks has — for all practical purposes — been dissolved."

Parties Appeal for Unity Against Corruption

95SM0373B La Paz HOY in Spanish 22 May 95 pp 2-3

[FBIS Translated Text] *The MIR [Movement of the Revolutionary Left], UCS [Solidarity Civic Union], and MNR [Nationalist Revolutionary Movement] agree that a genuine national awareness should be created that will make it possible to launch a frontal assault on corruption. Each of the parties has made several proposals. MIR Deputy Guido Riveros believes it necessary to enact a Law for the Investigation of Personal Wealth and to create a Special Anticorruption Prosecutorial Office. UCS Deputy Jaime Ponce Caballero insists that power and the new free market-oriented democracy "are corrupting politics" and emphasizes the need for finding an antidote for this systemic malady. Ponce contends that an "anticorruption" law associated with education can rescue the ethical and moral values that have been lost in recent years.*

Lastly, MNR Deputy Roberto Moscoso maintains that in addition to the laws that can be adopted, the entire society must become involved in this struggle.

Moscoso has suggested some guidelines for building a support base for the fight against corruption. He warned that although the press has also been infected by corruption, it nonetheless plays a fundamental role in this fight to the death. "Parties that have no firm ideology are more inclined toward corruption," he explained.

The MNR leader called for full participation by Bolivian society in the fight against corruption. He warned that political organizations without a definite ideology are more likely to be guilty of irregular conduct.

"We should explain, however," Moscoso said, "that the acts of corruption are not being committed by the political parties but rather by the members of one party. Power generates corruption, to be sure, but this evil can be curbed with a strong dose of morality and ethics. This is why parties that have no ideology are more likely to become involved in illegal activity."

In the opinion of this pro-government member of Parliament, the world situation is an expression of a crisis of ideologies that has caused political organizations to struggle amid the dark shadows of corruption, precisely due to the lack of any solid party programs.

"This explains the fall of the MIR," Moscoso said. "Their ideological values disintegrated. They didn't do what they did because they are evil people," he emphasized.

In his opinion, in order to prevent this evil from spreading within the party structures, it is urgently necessary that party leaders and members alike formulate a coherent ideological foundation. "The parties and their members," he emphasized, "must plan a future for our country and fight for that plan. That is the way to rise above the concept of winning power for the purpose of distributing patronage."

The Press and Corruption

"We must keep this evil from becoming institutionalized," Moscoso insisted, "and this will require the participation of the entire society. An awareness of the situation must be created through the medium of a democratic education both in the schools and in the political parties."

In the opinion of this young MNR deputy, the cooperation of the press is essential to this effort.

"The media play an important role, because they are a part of society," he said. "Elements of corruption therefore also exist within the press, so that the press is not going to be interested in disclosing acts of corruption, much less when these acts are committed by the powerful. Who wants to stand up to the powerful?"

He added that society as a whole must deal with this issue, because corruption affects everyone and must therefore be eradicated.

Roberto Moscoso declared that the Political Parties Law, the Law for the Investigation of Personal Wealth, the modernization of the state, and the institutionalization of the judicial system—when articulated into a collective democratic awareness—can serve as a structure for fighting corruption.

"Modernization of the parties and their internal democratization, including the open election of their leaders," he commented, "will configure a cleaner system that will necessarily have to abandon the old political practices and replace them with honest practices."

The UCS Insists That Power and the New Free-Market Democracy Are Corrupting Politicians

To be sure, the democratic system did not bring corruption with it, but it did control publication of the sensational story of the corruption. UCS Deputy Jaime Ponce Caballero is confident that an anticorruption law—perhaps even a Draconian one—combined with education can lead to the recovery of ethical and moral values that some politicians exchanged for a handful of dollars.

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UCS Deputy Jaime Ponce Caballero commented that the advent of the new free market-oriented democracy and the anticipated alliance between political power and economic power—as embodied in the party organizations—has generated a kind of institutionalized corruption in political circles and placed the existing system at grave risk.

"Power corrupts," he said, "and especially in a new-style free-market system such as the present one, which is ignornat of ethical and moral values." He explained that the politicians who reach certain centers of decisionmaking and influence tend to commit more crimes and irregularities.

In his opinion, the formulation of a law—even a "Draconian" one—is necessary in order to prevent corruption in the public service and banish influence peddling, the abuse of power, and national humiliation from the decisionmaking centers of the state.

Cover-Ups Corrupt

Jaime Ponce Caballero, who has a background of more than 50 years in politics, confirmed that the alliance between economic power and political power is engaged in a large-scale cover-up of the acts of corruption committed by political "leaders" who deal with these accusations on a cost-benefit basis.

"These leaders' create economic alliances between programs and different parties," he complained, "and that is why the major corruption cases have been covered by this blanket of silence." He could not resist the bitter memory of the many acts of corruption that had remained concealed by the cloak of immunity that protects the powerful.

The Law Is Inadequate

In the opinion of the UCS deputy—one of the few who stayed with Mr. Max Fernandez Rojas when Rojas' party finally split in two—an anticorruption law is not adequate to curb the shameful cases of corruption.

"There must be a much greater moral awareness in our country, because the law is always insufficient, and all the more so when we are experiencing a crisis in the ethical and moral concepts of politics throughout the world and especially in a small country such as ours," Ponce explained, citing the names of Latin American politicians who were involved in illegal activities. In his opinion, the devaluation of moral and ethical values degrades the concept of politics and has the effect of restricting politics to a small circle of individuals who practice it in order to commit the most shameful misdeeds.

"I, therefore, believe," he insisted, "that what is needed is a major reemphasis of ethical values and a realization that the purpose of politics is not to take advantage of those values but to serve our nation and our society and defend our national interests."

Jaime Ponce continued by emphasizing that education is one of the antidotes needed in order to banish corruption from the democratic system, which he said has been eroded and almost driven to self-destruction by its own protagonists who are implicated in deceitful activities.

In an attempt at sociological analysis, Ponce said that the accelerated pace of construction and the proliferation of centers of entertainment and houses of prostitution reflect the fact that corruption roams the streets of our cities, where according to the most recent data 85 percent of the residents live in poverty. "Every generation must be taught the values of morality and ethics," he emphasized.

"The new free-market democracy is unquestionably opening a very broad road to immorality," the deputy said. He advocated that the city should again become the seat of legislative and judicial power.

The MIR's Prescription

MIR Deputy Guido Riveros says it is urgently necessary to formulate a Law for the Investigation of Personal Wealth, to create an Anticorruption Prosecutorial Office, and to create an awareness among the people that will enable them to deal with the corrupt individuals. "This issue must be depoliticized," he explained.

Drafting a Law for the Investigation of Personal Wealth, creating a special Prosecutorial Office, and generating a determined citizen opposition to the corrupt individuals should form the basis of the fight against corruption, MIR Deputy Guido Riveros said.

"These ideas must be systematized," he explained, "in order to prevent this matter from becoming just another political scandal designed to discredit one's rival. That is why I say that the anticorruption discourse has been converted into the corruption of that very discourse."

In his opinion, the depoliticization of the cases of corruption would be beneficial, because it would make it easier to get rid of [congressional] immunity in major scandals such as those that have been suppressed at the behest of certain powerful persons.

A Prosecutorial Office

Therefore, Riveros said, it is urgently necessary to create a special Prosecutorial Office and an anticorruption prosecutor, who would be chosen by a two-thirds vote of Congress.

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Deputy Riveros—whose party is struggling to free itself as quickly as possible from serious accusations of corruption—explained that the "special prosecutor" should have a measure of autonomy within the prosecutorial establishment.

"Furthermore," he continued, "the special prosecutor should have sufficient facilities and resources to investigate the alleged cases of corruption. Only in this way would we be committing the state to a crusade against this scourge."

Leaves of Absence

Guido Riveros declared that in the fight against this structural evil, the political parties play an important role by granting leaves of absence to some of their party workers when the latter have become involved in an irregular activity.

"This also applies to members of Congress who must request a leave of absence in order to defend themselves," he explained, "because the immunity provision is not designed to protect persons who merely desire that protection but rather to protect them in their political life, not in their private life."

Personal Wealth

In the opinion of the MIR deputy, the creation of a Law for the Investigation of Personal Wealth is essential to the creation of a comprehensive program for fighting the corruption that is rampant in our country.

"We must take care," he warned, "that our country not be divided into corrupt individuals who operate efficiently and those who do not," noting that the "corrupt individuals who operate efficiently pretend to be examples of morality."

He indicated, however, that the aforementioned legal instrument should be reformulated with great care and made applicable to all public officials, including members of Congress. "We must prevent this law from becoming a witch hunt, which could frighten investors away," he added, "and that is why we should reformulate it. We will encounter many surprises."

To strengthen the anticorruption program, Riveros called for the active participation of the Bolivian people in this fight.

"The corruption problem," he said, "should be confronted by the entire population. I believe it should be a national—not a political—problem, and less revanchist in nature."

The MIR Has Already Begun the Fight

The Movement of the Revolutionary Left is the first political party to decide to initiate a profound moralization effort within its ranks. It did so at a meeting held approximately two weeks ago, when in this connection it granted a leave of absence to Senator Gaston Encinas, against whom serious accusations of corruption have been made.

This decision was taken by the National Political Committee headed by former President Jaime Paz Zamora and the five members elected at the most recent meeting of the Political Committee in January.

The most important decision—which was emphasized by pro-government and opposition parties alike—was the creation of a Commission on Moralization which as of the date of its installation will have the task of trying the accusations of corruption that are presented against party leaders who held posts in the previous government.

A second step will be taken at the 28 May meeting of the National Political Committee—the MIR's highest decisionmaking venue—which consists of the party's parliamentary delegation, regional representatives, and CEN [National Executive Committee].

At the beginning of this week, Deputy Carlos Borth disclosed that the plans for the aforementioned commission will be perfected, the commission created, and its three members elected and installed in office. The bylaws of the commission will be drafted subsequently and its powers defined, together with the procedure for processing accusations and issuing the commission's opinions; the time limits for issuing these opinions; and the adoption of rulings in cases where they are justified.

In Borth's opinion, the creation of the commission—and the leave of absence granted to Senator Gaston Encinas—constitute the beginning of a major effort to accomplish the internal reform of his party.

"That is the thinking behind the adoption of this resolution," he added. "We needed to equip ourselves with an internal party organ that would take concrete action against corruption or, when indicated, to provide assistance—from within the party—to the nation's organs of investigation and the administration of justice."

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Popular Participation Official Explains OTB's

95SM0393B La Paz PRESENCIA in Spanish 4 Jun 95 p 2

[Commentary by Luis F. Ramirez Velarde, under secretary of the Popular Participation National Secretariat]

[FBIS Translated Text] In a world of abbreviations the letters "OTB" [Grassroots Organizations] have created tremendous confusion. Giving a name to all of the base organizations which had previously existed was believed to be a good idea. Now, with the enactment of the Law on Popular Participation, these OTB's have been recognized as having legal identities and the right to participate in setting priorities for projects for their communities and for municipal planning. Under the law the OTB's are nothing other than farmer communities, groups of indigenous peoples, and neighborhood associations. In other words these are base organizations which represent all of the people in a given area. According to the regulations on groups involved in the popular participation program, these include farmer associations, "ayllus" [agricultural communities], open meetings of town councils or captaincies, and neighborhood committees.

Not all of these explanations were valid, nor was it true to say that territorial base organizations have neither been established or set up but rather have been recognized. Those which already existed throughout our country are recognized as existing, with all of their practices and customs. Poorly informed people, other people with bad intentions, and politicians of the government and of the opposition have abused the name of "OTB." By abusing this abbreviation they sought to make use of it for their own interests. They began to set up "OTB's" of their own kind and parallel organizations as well, ignoring those which already existed. Existing organizations were not recognized as coming under this term. Members of these groups protested that the law ignored them. Some government authorities did not wish to recognize trade unions unless they were called "OTB's."

The Bolivian Government signed an agreement with the COB [Bolivian Labor Federation], the CSUTCB [General Trade Union Confederation of Peasant Workers of Bolivia], the CSCB [Trade Union Confederation of Bolivian Settlers], and the FNMCB [National Federation of Bolivian Farm Women]—to continue to use this world of abbreviations. Under this agreement, among other matters, it was agreed to stop using the term "OTB" but rather to use names proper to "communities or groups of indigenous peoples, farm communities, and neighborhood committees" to refer to persons involved in the popular participation program. Words by themselves are not so important. More important is the real participation of these communities. The special characteristic of Bolivia is that it is not necessary to establish new, people's organizations to achieve the participation of the people. Organizations have always existed, even before Bolivia itself existed.

In one way or another people have gone on confusing and manipulating the term. This week news stories have been reported under big headlines: "Farmers Reject Establishment of OTB's"; "FEJUVE [Federation of Neighborhood Committees] Comments on Establishment of OTB's"; or "Neighborhood Committees Ask for Cancellation of OTB's." In reality what this means is that they rejected the term "OTB," because both farmers as well as local residents, through their national organizations, have reiterated their opposition to this term, which has been misused. However, they do not reject popular participation as such. The National Secretariat of Popular Participation has held several meetings with these groups and committees. It is scheduling a series of activities to deepen the meaning of the popular participation program.

Popular participation is now working, and people's organizations are taking charge of it. This means nothing less than that there are more than 8,000 applications for registration as communal and neighborhood organizations. The majority of these applications come from farmer associations in particular. Already more than half of the farmers' associations in Bolivia have begun this process of registration.

It may cost us a little more ink, but when we talk about the subjects of popular participation, let us always say, "farmer communities, indigenous communities or peoples, or neighborhood associations." Let us leave this term "OTB" to history.

Brazil

Cardoso Views Real Plan, Achievements

PY3006030895 Rio de Janeiro Rede Globo Television in Portuguese 2245 GMT 29 Jun 95

[Speech to the nation by President Fernando Henrique Cardoso, recorded at Alvorada Palace; speech was preceded by television clip dealing with recent currency changes in Brazil and the popular uncertainty over economic conditions that prevailed before implementation of the Real Plan]

[FBIS Translated Text] Do you remember the picture you just saw? Do you remember those years when there was apparently no solution for Brazil?

Do housewives remember that whenever supermarket prices had doubled, you — who live on your salary —

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do you remember that by the end of the month your money was worth nothing?

And those who had saved money for expenditures, have you already forgotten that you had to run to banks in order to immediately invest that money, because otherwise it would lose its value?

Well, all that is over, and we will not let it return. On 1 July, the real will complete its first year.

This is and should be a time for reflection, not yet for celebration, because we still have a lot to do. Yet we cannot fail to admit that the country has changed over the past 12 months.

When the real was set in motion, many people believed it would not last. This is what happened with the other currencies that we have just seen. But they were wrong.

One year later, the value of the real surpasses that of the dollar.

While many currencies were devastated by the Mexican crisis, the real resisted and remains firm.

Prices have stabilized. It is true that some prices are still increasing, but many have achieved stability. The prices of basic basket products, which are the most important food items for the population, are lower than they were one year ago.

This means that today people can eat better, buy more rice, beans, corn, chicken, and meat, because all those products are cheaper.

And what about salaries? Salaries were improved in two ways: First, the value of the money that you are paid no longer fades throughout the month, and second, stability allowed me to grant a major minimum wage increase, a 40-percent increase, even for retired workers.

In metropolitan regions, salaries grew — in real terms — by more than 20 percent.

I known this is still a minor increase. Yet it is only the first step toward recovering the purchasing power of wages.

All this is no longer a promise, but something real that all of us have gained.

The real is not the work of one single person, party, or government; it is an achievement of all Brazilians.

During my electoral campaign, I told people that the real was only the beginning.

Curbing inflation was essential, but not sufficient. We had to create conditions for investment, for creating new jobs, and for reactivating growth.

For this reason, we had to engage in the reforms — the economic, taxation, and state reforms. We had to concentrate our efforts on what is most important for people: Employment, health, education, agriculture, and security. These are the five priorities of my government. We are making good on our promise.

First, the real. From January to June 1995, the inflation rate was 10 percent. Can you recall that 10 percent used to be the weekly inflation rate?

A few months ago, the inflation rate threatened to grow, but we did not permit it. The government restricted credit a bit, while increasing interest rates.

I had to adopt those measures. They were necessary. They attained their objective, because the inflation rate again dropped.

Over the past 12 months, we managed to curb inflation while attaining growth. In 1994, we grew by 5.5 percent. This year we will grow by approximately 6 percent.

This caused the number of jobs to increase. More than 500,000 jobs were created in the main metropolitan regions.

As I had promised, we submitted to Congress the first part of the constitutional reforms. Why are they so important? Because easing monopolies and changing the concept of national enterprise mean bringing new investments and creating more jobs.

Employment is my major concern at present. I want to preserve existing jobs and create new jobs for the youths who join the labor market.

The recently elected Congress vigorously and rapidly reflected the will for a change in our country. I express my thanks to Congress, to the presidents of the Chamber of Deputies and of the Senate, and to congressional leaders.

Today, the government and Congress are working together to approve the reforms that the country needs.

We will begin feeling the effects of the reforms in the second half of the year. Foreign investments are returning to Brazil to expand existing factories or to create new factories. National investment is also returning.

We are fulfilling our promises in the social area. We set in motion a key education program — Wake Up, Brazil — to train teachers.

If we want to improve schools for the children, we have to enhance the value and qualifications of teachers.

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In the health area, hospital bills are up-to-date, and we are making a great effort to cut infant mortality by 50 percent.

Over a period of a few months, we gave significant impulse to land reform. We expropriated 1 million hectares. We also began a new popular housing financing program.

The Community in Solidarity Program is striving to make milk, school breakfasts, books, school materials, vaccines, and medical assistance reach the poorer sectors faster, and without opportunism.

All this is very important. Yet as I have already said, it is only the beginning.

Take the case of the inflation rate. We will be alert to prevent its return.

The government is controlling its own expenditures and tomorrow it will adopt measures to expand the deindexation of the economy.

The government is doing its part. You can help a lot. You must control prices, especially the prices of services, because price abuses are being committed. I repeat: Buy only what is necessary. Bargain, shop for prices. Avoid buying in installments, report on price abuses.

The last time I spoke to you, I suggested that you report price abuses to the Procon's [Office for the Defense and Protection of Consumers], organizations that protect consumers.

I received letters from the public saying that some Procon's are not working appropriately. In some cases, this is true. This is why we must support the Procon's. Some states and municipalities still do not have a Procon office. They must be created. Ask your mayor or governor to create them because they serve to defend you.

I already ordered the Sunab [National Supply Superintendency] to help municipal governments to make a list of prices and publish them for the public. You must follow this price list prepared by the Sunab and published in the newspapers. In this manner, the government and the consumers will together defeat the bad businessmen who still commit price abuses.

We, nonetheless, still have another urgent task. We must reduce inflation further without such high interest rates. For many people and companies, the current interest rate level represents a disaster. This is why the government is adopting measures to reduce the interest rates, which are already dropping. However, in some sectors, the problem is still very serious.

Farmers who took out loans corrected by the TR [Reference Interest Rate] currently find themselves in a difficult situation. This is why I approved new rules to finance the new harvest. Now, loans for small and medium-sized farmers will no longer be corrected by the TR. In addition to this, tomorrow we will announce the reduction of the TR for those who have debts. These are important measures in favor of the farmers, whose contribution to the Real Plan is acknowledged by society.

As you can see, we still have a long way to go. There are many people in Brazil who need food, housing, education, and health services for their children. Now that prices are stable, the government can plan and spend better for the things people need. The only thing that must not be expected is that everything will be resolved from one day to the next. This is not possible. The important thing is that now we have a direction. We know that we still have a lot to do to consolidate the economy, to reduce social injustices — which are numerous.

We are, however, fixing what is wrong. We are facing the difficulties. We are working together with Congress and the people to solve our problems and provide a better standard of living for the Brazilian people. This is the real commemoration of the real anniversary. We showed you what we have done and what we commited ourselves to accomplishing. We are happy for everything that was gained and achieved in the past 12 months, and we are confident that we are on the correct path to improve Brazil and the life of the Brazilian people.

Finance Minister Announces Deindexation Plan

PY3006175195 Rio de Janeiro TVE Television in Portuguese 1418 GMT 30 Jun 95

[Remarks by Finance Minister Pedro Malan during a news conference at Planalto Palace in Brasilia to announce the national economic deindexation package — live]

[FBIS Translated Text] It is a pleasure to be here with you to open another discussion on this process in which, from the outset, since June 1993, we have sought to outline the overall direction we were planning to take in our quest for ensuring economic stabilization in Brazil with sustained growth and with lower social injustice.

I must say that from the beginning we made a pledge that prevented us, from instance, from yielding to suggestions to dollarize the economy, to link the real to the dollar, or related actions. Our pledge was that, despite

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some frustrating experiences at certain levels, it is possible for us to have a Brazilian currency with stable purchasing power, and enjoying credibility. We believe that is something that has enormous significance for Brazil, just as it does for various developed countries. That is the objective we have set out to achieve.

I want to state here that the measures that are being announced today are in no way a radical change, of course. There is no big surprise here. The fact is that the press has already — as I have jokingly said in recent days — advanced and covered all of the possibilities. In one way or the other, our imaginative, investigative, and creative Brazilian press has already covered all the possible angles. I once again want to publicly pay tribute here to the Brazilian press.

Thus none of the measures that will go into effect on 1 July will cause a significant impact in terms of scares, shocks, nervousness, or the lives of Brazilian workers, producers, or investors. What we are announcing here today is not a Real-2 Plan; it is not a change of course. It is, rather, the continuation of a process that was started in the middle of 1993. On 7 December 1993 we announced that at some point in 1994 we would create the URV [real value unit]; and that the purpose of the URV was to ensure a gradual, voluntary process of renegotiating contracts until the URV was converted into the real, thus becoming a legal tender. As scheduled, the URV was converted to the real on 1 July 1994, without either surprises or shocks.

We also said that the consolidation of the stabilization program would require us to move a gradual deregulation of indexes in the Brazilian economy. As has been noted in the preamble of the provisional measure, indexes are causing today's inflation to be determined by yesterday's inflation, and tomorrow's inflation by today's inflation. These indexes are mechanisms that fuel inflation and cause it to perpetuate in time.

It has long been no secret to anyone that we should move toward a gradual, progressive deregulation of indexes in the Brazilian economy. This is the objective behind the package of measures we are proposing here today.

Following my quick, brief introduction, Labor Minister Paulo Paiva will discuss the passage of the provisional measure dealing with salaries and labor disputes. Today, as everyone knows, we had a meeting of the National Monetary Council [CMN], where we made several decisions that will be explained here today by Central Bank President Gustavo Loyola. If he wishes, Planning Minister Jose Serra will also speak to give his conclusions on the introduction, before we open the meeting up to questions and answers.

Well, after this overall introduction, let me comment on some aspects of the provisional measure. Paragraphs one and two are in fact designed to preserve something we consider to be an achievement made by the real and a direction we should continue to follow. In these paragraphs we are saying that we are betting on the real as a national currency having a stable purchasing power and enjoying credibility. We are saying that any commitment to making payments within the national territory should be made in reals on their face value. Payments expressed in or linked to gold or foreign currencies are banned, excerpt for the provision of Decree Law 857, which permits payments expressed in or linked to foreign currencies under certain conditions.

The new provisional measure bans any monetary correction or adjustment expressed in, or linked to, any kind of monetary accounting unit, under penalty of annulment. Except for the provision of Article 2, the provisional measure bans — under penalty of annulment — any monetary correction or readjustment based on general, specific prices or in order to reflect production variation costs.

We have moved forward in this area since the creation of the URV, when we prohibited the use of indexes to adjust contracts that would last for less than a year. Article 2 allows such a stipulation for certain contracts in terms of their extension, namely the cases described in paragraphs one, two, and three. These are the terms under which monetary correction and readjustments based on price indexes are allowed.

Article 3 says that contracts involving the public sector will be subject to regulation by the executive branch.

Article 4 says that contracts signed in financial markets, including the terms of financial savings as well as closed private provisions, will continue to be governed by their own bylaws.

Article 5 establishes the basic financial rate [taxa basica financeira], on which Central Bank President Gustavo Loyola will comment later within the context of the decisions made today by the CMN.

Article 6 states that the Ufir [reference fiscal unit] will be periodically calculated every six months starting on 1 January 1996. Someone might wonder why starting on 1 January 1996, and why every six months. The truth is that we should note that we are following a gradual strategy. We first had Ufir rates daily, then we had Ufir rates monthly, and we will have Ufir rates quarterly until 31 December, and we will have Ufir rates every six months starting 1 January 1996. Why are we not changing now, starting 1 July, instead of waiting until 1 January? Because Ufir rates have an impact on the

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balance sheets of companies, on the tax base. Thus, to introduce changes in 1995 that will generate fiscal effects already in 1995 could certainly cause problems, and could violate the principle that a tax cannot be collected during the same fiscal year it has been created. Yet starting in 1996, the Ufir will be calculated every six months.

The measure also provides that, starting 1 January 1996, the monetary accounting units existing today in Brazilian states and municipalities will disappear. Yet the states, the federal district, and municipal governments may use the Ufir under the same terms as the federal administration.

Article 8 also reflects something that we have been saying for some time. Brazil is a country the size of a continent that is marked by a huge diversity in terms of regions, activities, and sectors. Thus it makes much less sense in Brazil than it would in the small economies in the world to speak of an index that would reflect the true nature of Brazilian inflation, of an official inflation index. It is known that there are enormous regional variations in terms of price indexes, and that different criteria may be used. We thus believe that it does not make sense to speak of an official inflation index which, unlike the others, would capture the true nature of Brazilian inflation.

Hence, because the IPC-r [consumer price index-real] was meant to play that role, that characteristic, we are announcing that starting on 1 July 1995, the IPC-r will no longer be calculated and released by the Brazilian Institute of Geography and Statistics.

Starting 1 July, obligations and contracts providing for adjustments based on the IPC-r will use alternate indexes envisaged in the same contract. If no alternate index has been agreed upon, and if no agreement is reached between the parties regarding an alternate index, an average of price indexes nationwide will be used based on regulations to be issued by the executive branch.

Article 9 guarantees — I am now going into an area that I asked Minister Paiva to discuss — the payment to workers of the IPC-r variation, accrued since the latest contract renewal date and June 1995, on their first contract renewal date following the implementation of this provisional measure. I would like to stop here, because the idea is to allow time for some questions, and I would like to ask Labor Minister Paulo Paiva to discuss the provisions regarding salaries and labor disputes. If you will excuse me, then, I would like to ask Minister Paiva to address you now.

Provisional Measure on Deindexation

PY3006192795 Sao Paulo AGENCIA ESTADO in Portuguese 1441 GMT 30 Jun 95

["Text" of the Provisional Measure on Deindexation]

[FBIS Translated Text] This Provisional Measure establishes supplemental measures for the Real Plan, among other provisions.

The President of the Republic, under the powers bestowed upon him by Article 62 of the Constitution, hereby signs the following Provisional Measure into law:

Article 1: The terms specifying the payment of obligations payable in the national territory will be expressed in reals, in their nominal value.

Single Paragraph. Under penalty of being considered null, terms dealing with the following topics are forbidden:

a) payments expressed in, or tied to, gold or foreign currencies, with the exception of the provisions of Articles 2 and 3 of Decree-Law No. 857, dated 11 September 1969, and of the final part of Article 6 of Law No. 8880, dated 27 May 1994;

b) readjustments or monetary correction expressed in, or tied to, an accounting monetary unit of any other nature;

c) monetary or readjustment correction based on general indexes, or on indexes reflecting either price variations in a sector, or the variation of the cost of production or materials used for production, with the exceptions established in the following article.

Article 2 - Monetary or readjustment correction based on general indexes, or on indexes reflecting either price variations in a sector, or the variation of the cost of production or materials used for production, may be included in contracts lasting one year or more.

Paragraph 1 - Any term specifying a readjustment or monetary correction applying to periods shorter than 1 year is legally null.

Paragraph 2 - In case of contract revision, the period for monetary correction or readjustment, or the period for a new revision, will begin on the date on which the previous revision took place.

Paragraph 3 - Except for the provisions of Paragraph 7 of Article 28 of Law No. 9069, dated 29 June 1995, all proceedings for calculating adjustment indexes that produce financial effects that are similar to those of readjustments for periods shorter than one year, will be legally null.

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Article 3 - The contracts in which one of the parties is an organ or institution from the government or from state-run enterprises will be readjusted or subject to monetary correction in keeping with the provisions of this Provisional Measure, which will be regulated by the executive branch.

Article 4 - The contracts signed in the markets referred to in paragraph 5 of Article 27 of Law No. 9069, of 1995 — including financial savings profit terms — and the contracts signed in the private social security market, will be ruled by their own terms.

Article 5 - The Basic Financial Tax (BFT) [Taxa Basica Financiera - TBF] is hereby created for exclusive use as a remuneration factor on the financial market, with a validity term of 60 days or longer.

Single Paragraph. The National Monetary Council will issue the instructions for compliance with the provisions of this article, including instructions for extending the validity term mentioned in the leading paragraph of this Article.

Article 6. As of January 1, 1996 the Reference Fiscal Unit, UFIR, established by Law No. 8383 dated 30 December 1991, will be readjusted every six months.

Article 7. In keeping with the preceding article, all other monetary accounting units created or controlled by the government will disappear as of July 1, 1995, with the exception of state, municipal, and federal district fiscal accounting units which will cease to exist on January 1, 1996.

Paragraph 1 - As of July 1, 1995 and January 1, 1996 the monetary accounting units mentioned in the introduction of this article will be converted into reals, in keeping with Article 44 of Law No. 9069 issued in 1995, when applicable.

Paragraph 2 - States, municipalities, and the Federal District may replace their defunct monetary fiscal accounting units by the UFIR under the same conditions as the Federal Government.

Article 8. The Brazilian Institute of Geography and Statistics, IBGE, will cease to calculate and report the IPC-r [Consumers Price Index-real] as of July 1, 1995.

Paragraph 1 - As of July 1, 1995 obligations and contracts that provide for readjustments based on the IPC-r, will replace this index by an index stipulated in the contract.

Paragraph 2 - If the contract does not provide for a replacement index and the parties involved do not reach an agreement, the average national price index will be used in accordance with regulations that the executive branch will issue in due time.

Paragraph 3 - As of July 1995, the INPC (National Consumers Price Index) will replace the IPC-r for the purposes stipulated in Article 6, Paragraph 20, and Article 21, Paragraph 2, of Law No. 8880 issued in 1994.

Article 9. Workers are guaranteed that on the first collective agreement renewal date following the implementation of this Provisional Measure, they will receive an adjustment based on the IPC-r variation accumulated from their latest collective agreement renewal date through June 1995.

Article 10. Salaries and other job-related terms will continue to be reviewed and set through free bargaining on the appropriate annual collective agreement renewal dates.

Article 11. Should direct bargaining fail, the parties will ask the Labor Ministry to appoint a mediator to continue collective bargaining, before resorting to the labor court.

Paragraph 1 - If one involved parties feels unable to engage in collective bargaining on equal footing, it will be free to ask the Labor Ministry to appoint a mediator.

Paragraph 2 - The mediator will be appointed either with the agreement of the parties involved, or if no such agreement is possible, in accordance with Paragraph 5 of this article.

Paragraph 3 - The mediator will have 30 days to conclude the negotiations, unless the parties involved expressly agree to a different timetable.

Paragraph 4 - Should the parties fail to reach agreement, the mediator will prepare within five days after the deadline expires a report stating his conclusions on the economic demands at stake. This report will be a prerequisite for the beginning of court action.

Paragraph 5 - The executive branch will issue the appropriate regulations for the implementation of this article.

Article 12 - If a collective bargaining litigation is submitted to a labor court, the parties will first submit the background for their final proposals, which the court will use for its decision, for conciliatory purposes, or for deliberation.

Paragraph 1 - The decision to end litigation will be grounded, under penalty of being declared null, and will reflect, as a whole, a fair description of the conflict of interests of the parties, with appropriate consideration for the interests of the community.

Paragraph 2 - The Court decision will be published within 15 days.

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Article 13 - The following terms will not be permitted in collective bargaining and in collective bargaining litigation submitted to a labor court:

I - a stipulation or a readjustment or automatic salary correction clause tied on a price index;

II - a concession for productivity or an increase in real terms that are not backed by impartial indicators measured by an enterprise.

Single paragraph. In salary readjustments, the advances and increases granted during the period prior to the readjustment will be deducted on collective agreement renewal dates.

Article 14 - Appeals will suspend court decisions in keeping with a resolution issued by the Superior Labor Court President.

Article 15 - The provisions applying to the monetary correction of labor debts, of debts stemming from court decisions, and of the liabilities of enterprises and institutions in process of composition of creditors, bankruptcy, or under trusteeship regime or in a direct liquidation process, will remain.

Article 16 - This Provisional Measure will come in force on the day of its publication.

Article 17 - Paragraphs 1 and 2 of Article 947 of the Civil Code, Paragraphs 1 and 2 of Article 1 of Law No. 8542, dated 23 December 1992, and Article 14 of Law No. 8177 dated 1 March 1991 are hereby revoked.

Labor Minister on Labor Deindexation Measures

PY3006211495 Rio de Janeiro TVE Television in Portuguese 1428 GMT 30 Jun 95

[Remarks by Labor Minister Paulo Paiva during a news conference held at Planalto Palace in Brasilia to announce the national economic deindexation package — live]

Good morning. I will discuss only briefly those aspects covered by the provisional measure. You may notice that articles 9 through 14 include provisions that to some extent regulate conditions for collective bargaining negotiations in Brazil. The provisions are basically focused on collective negotiations, and then on the mediation process, which is a new procedure, and on collective court litigations.

These aspects have been discussed in detail with different social groups, with several economists, with members of labor courts, with congressmen, and with union leaders. The objective idea is to move toward expanding the maneuvering room for free negotiations on the labor market, both in terms of wages and other aspects. From the standpoint of the provisional measure, there is no innovation or break in relation to the current process. I could tell you that there is a connection between this provisional measure and Law 8870.

Law 8870 established that, starting from the first month of implementation of the Real Plan; that is, since July 1994, the IPC-r [Consumer Price Index-real] was to serve as a basis for collective bargaining talks. This procedure will remain in force until the end of this month, and beginning in July, we will guarantee payment at the next contract renewal date of the IPC-r accrued since the latest contract renewal date and the last month of calculation of the IPC-r.

For instance, those categories having their contract renewal date in August 1994 are entitled to one month of IPC-r in August; two months in September; and so forth, totaling 12 months of IPC-r by July 1995. Those having their renewal date after August — for instance, in September — will be entitled to 11 months of IPC-r., and so on. The IPC-r process is one designed to remove the automatic readjustment guarantee and to expand the maneuvering room for collective bargaining.

In the case of wages, we are going to stop looking back to take into account past inflation and to intensify discussions on current conditions and on the future. This mechanism is applicable to a 12-month contract. No indexation or automatic readjustment mechanism will be applied to 12-month contracts.

Needless to say, Brazilian history shows that all those mechanisms created to allegedly protect salaries had ultimately stimulated inflation and consequently provoked a reduction of wages in real terms.

Another aspect I would like to note, and which is indeed something new in Brazil, is the creation of the mediation mechanism between the process of free negotiations — if this negotiation fails — and the opening of the court process. The role of the mediator is that of encouraging and of organizing the negotiations to allow the interested sectors, especially those unions which for some reason might consider it necessary to obtain some support, to keep the negotiations fair. They could do that by resorting to the mediation.

Initially, when negotiations fail, the parties involved could choose a mediator by mutual agreement. If no agreement is reached, the Labor Ministry will appoint a mediator for this stage. The mediation stage will be mandatory prior to taking the labor dispute to court.

The court process is designed to encourage the contending parties to make their final proposals. The labor

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courts, which have shown utmost significance and efficiency in settling labor disputes, will contine to perform this role, which is essential and important from the standpoint of helping consolidate labor freedom in Brazil.

These are the mechanisms involved. There are no changes in the structure of labor laws. We believe we are increasingly moving toward expanding freedom and autonomy of trade unions.

We are absolutely confident that these mechanisms will represent a major step toward consolidating and strengthening the union movement in Brazil.

Finally, the following items were not included in the provisional measure because they are not its target: the minimum wage and wages of public servants, because these are not subordinated to market mechanisms and, consequently, they are not subordinated to mechamisms of free negotiations governed by the Consolidated Labor Laws.

The minimum wage policy outlined by President Fernando Henrique Cardoso will remain in force.

To close, I would like to reaffirm that the real value of salaries is maintained and increased thanks to the following factors: monetary stability, increased demand for manpower, increased productivity, and the strengthening of union organizations. We are absolutely certain that these measures will strengthen these factors. Thank you.

Planning Minister Comments on Deindexation

PY3006223095 Rio de Janeiro TVE Television in Portuguese 1446 GMT 30 Jun 95

[Remarks by Planning Minister Jose Serra during a news conference held at Planalto Palace in Brasilia to announce the national economic deindexation package — live]

[FBIS Translated Text] Just to summarize a couple of things, I wanted to say, first, that the measures that are being announced today actually represent a continuity of what has already been provided for — in connection with the Real Plan — in a provisional measure, and then passed into law this week.

Actually, as of its first day of implementation, the Real Plan has taken a long step toward deindexation.

These measures follow the same course. They do not entail any break or anything new, let us say, in the development of the plan. It was something totally predictable and consistent with the prospects that existed since the creation of the URV [Real Value Unit], at the beginning of 1994.

It is very important to bear this in mind. Actually, the trend that is now gaining strength is to increasingly free the current inflation rate from the inflation rate of the past. This will free the inflation of tomorrow from the inflation rate of today.

Incidentally, this is how things work in the vast majority of economies round the world, which have nothing in common — in terms of indexation — with the intense and generalized system prevailing in the Brazilian economy.

The curbing of hyperinflation was a major step in the struggle against inflation. We estimated the accumulated inflation rate in the first half of 1994 at approximately 7,380 percent — calculated on an annual basis — measured by the INPC [National Consumer Price Index].

This year, if we calculate the inflation rate on an annual basis, the first half of the year registered an inflation rate slightly lower than 23 percent.

Therefore, it was an absolutely landslide drop. Yet the government obviously does not intend to limit the fight against inflation to the levels that have already been accomplished.

The government intends to continue, in order to bring inflation below [as heard] the one-digit level. This objective will not be feasible within a reasonable period unles progress is made in the deindexation process.

I also want to recall something that has long been said. The fight against inflation did not end in June 1994 or in the first year of the Real Plan. It is a long fight. Hyperinflation was defeated, the inflation rate was knocked down, but a final victory is necessary in order to reach stability.

This means not only one but several years of work. We will achieve the victory of economic stability only after some years of work.

From the viewpoint of the economy, stability is a higher objective; it comes before others. It is a precondition for economic growth, for ensuring that public finances are in a healthier condition, and for obtaining funds to meet the sizable social needs.

A second point that I wanted to emphasize deals with the topics that were not included in this provisional measure, and in which no progress was made from the viewpoint of deindexation.

In the area of remuneration, there are at least three types that were not included in the provisional measure. They are the minimum wage; retirement allowances and pensions; and the salaries earned by public servants in the federal, state, and municipal governments.

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Those cases were not addressed by this provisional measure. Those salaries are — so to speak — institutional, because they are not established by market factors.

Such salaries are paid to at least 25 million people — those receiving retirement allowances and pensions, those who are public servants, those who earn a minimum wage, and those whose salaries are regulated by the minimum salary.

Those salaries are not included in this provisional measure. As Labor Minister Paulo Paiva put it, the minimum wage will continue to be annually readjusted for the purpose of preserving its purchasing power. It is an institutional wage that is a reference indicator for the salary structure and for social security allowances. Yet it will have to be regulated by a specific law.

The same thing will happen to retirement allowances and pensions, which will be annually readjusted by a specific law. This will also apply to public servants, because their salaries rely mainly on government revenue levels.

It is therefore very important to make this very clear. We also know that the minimum wage, as I said, is a reference indicator for others, for the salary structure. The minimum wage will continue to be readjusted annually.

A third factor that is worth mentioning — to which Finance Minister Pedro Malan has already referred — is the Ufir [Reference Fiscal Unit]. This factor is habitually ignored.

The Ufir will be maintained, but not for the purpose of defending government revenues.

First, the periods for adjustement of the Ufir will be expanded, that is, we will move toward deindexation in the area of government revenues.

This is a gradual process, like that of salaries. There are no differences.

Second, the continuation of the Ufir is essential for preventing any undesirable increase of the income tax paid by individuals and corporations, because without the Ufir, income tax values will not be corrected. It is necessary to carefully note this.

Finally, as far as financial measures are concerned, it is important to say that the creation of the BTF [Basic Financial Tax], and the other provisions for creation of a new type of savings account, will give small investors access to more profitable and expeditious forms of savings.

It is important to notice this. It is a process that will also occur gradually, but the corresponding legal provisions are already being taken to that effect, while traditional savings accounts will remain untouched.

There will be new mechanisms, which can give more expeditious treatment to those who want more expeditiousness for their investments. This will even promote competition — in the area of interest rates — between savings accounts institutions.

Consequently, small investors will have more advantages, without changing the traditional savings accounts indicator, namely, the TR [Reference Interest Rate] plus 0.5 percent, which will be maintained, as the message accompanying the provisional measure has clearly stated.

This is what I wanted to add to the accurate remarks by my colleagues.

Central Bank President Explains Measures

PY3006214095 Rio de Janeiro TVE Television in Portuguese 1435 GMT 30 Jun 95

[Remarks by Central Bank President Gustavo Loyola during a news conference held at Planalto Palce in Brasilia to announce the national economic deindexation package — live]

[FBIS Translated Text] The National Monetary Council, CMN, today approved some measures related to the provisional measure. The first one is a resolution that regulates the calculation method of the basic financial rate [taxa basica financeira]. This basic financial rate will first be calculated based on a sample drawn from the 30 largest financial institutions from the interest they pay for 30-35-day Bank Deposit Certificates [CDB]. Based on this sample, the Central Bank will daily report the basic financial rate that will be valid for 30 days.

I want to point out the following: For the time being, this basic financial rate will be valid for 30 days. However, as soon as the market conditions permit, and when the amount of longer-term CDB's increases considerably, the Central Bank will report on a basic Financial rate valid for 60-, 90-, 120-, and 360-day terms. Therefore, in general terms, this was the CMN resolution dealing with the calculation of the basic financial rate.

This basic financial rate is directly based on the rates provided by the financial institutions. The Central Bank calculates their average according to a formula specified in the resolution.

The second measure adopted by the CMN is that it will allow term deposits with automatic reapplication. These term deposits will earn the basic financial rate with an additional premium established by the banks. The minimum term for these term deposits will be 90 days.

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Interest earnings of these term deposits will be paid based on the smallest balance of the term deposit over a 90-day period. Like any other term deposit, checks cannot be issued against these term deposits. This means that these term deposits are subject to the same taxes as the rest of the financial instruments. That is, they must be included in income tax, and they must pay the 10 percent tax on nominal earnings.

Today the Central Bank will issue a circular establishing that the compulsory deposits on these term deposits will amount to 30 percent of their value in federal titles plus a compulsory deposit related to the earnings of the bank in case the term deposit holder withdraws his earnings before the 90-day term. Therefore, this means that the compulsory deposits on term deposits are made up of two components.

The third resolution of the CMN creates a new kind of savings account. It is the savings book for purchasing houses [caderneta vinculada]. This type of savings account will be regulated by the Central Bank in the next few days after the Central Bank holds consultations with the Comoc [Commissao de Moeda e Credito], the planning and finance ministries, and the CVM [Securities and Exchange Commission].

The other measure adopted by the CMN is that it will allow banks to attract foreign resources [captar recursos] to finance domestic housing loans. This is an old demand of the construction industry. This basically means that the financial institutions will be allowed to obtain funds abroad and lend them in Brazil to individuals or companies with the purpose of financing the construction or purchase of houses. The term for the external operation will be a minimum of 2 years, while that for the domestic operation will be a minimum of 1 year.

Borrowers of this kind of housing credit must assume the risks associated with the interest rate variation. This loan will be based on the exchange rate fluctuations, as would happen with any kind of loan described in Resolution 63 of the National Monetary Council.

Another measure adopted today by the CMN is the establishment, using a fixed amount of reals, of a guarantee limit for savings accounts. This guarantee limit, which until the present was being corrected by the TR [Reference Interest Rate], will now be established at 5,000 reals so as to protect 98.4 percent of the savings accounts holders. That is, 98.4 percent of savings accounts holders will be protected by this limit. The idea of this measure is to return to the true origins of the savings accounts.

We must clearly establish here that the traditional savings accounts are not suffering any kind of change. Only two adjustments are being made. First, their guarantee limit. It must be recalled that the savings accounts were created in Brazil as an instrument to protect people's savings. It is a universal savings instrument, and we must return to this kind of philosophy. In this manner, we are reducing the FGDLI [Guarantee Fund for Real Estate Certificates] [Fundo de Garantia de Depositos e Letras Imobiliarias] to 5,000 reals, a limit established on a strong currency, instead of subjecting it to a correction index.

Another measure related to the savings accounts is the change of the TR reducer [a factor to reduce the effect of inflation]. As of 1 August, this reducer will increase from the current 1 percent to 1.2 percent. This will be implemented as of 1 August in order, first, to give the public enough warning, since there are many contracts based on the TR, and second, to basically return to a situation that existed at the beginning of the year but that was modified as a consequence of the situation prevailing in February and March. Since such a situation no longer exists, we are seeking to return to the traditional value of the reducer. With this, we are taking an important step to recover the basic philosophy of the savings accounts. That is, when the savings accounts were created, they were intended to guarantee savers earnings that exceeded expectations associated with inflation. This will again happen with the use of the TR mechanism as long as the necessary adjustments are made to the reducer.

In general terms, these were the resolutions that are either directly or indirectly connected with the provisional measure issued today.

Companies To Supply Cuban Nuclear Power Plant

PY3006015895 Sao Paulo AGENCIA ESTADO in Portuguese 2241 GMT 28 Jun 95

[Report by Jo Galazi]

[FBIS Translated Text] Rio de Janeiro, 28 Jun (AE) — Brazilian companies could supply about $30 million worth of equipment to the Cuban Government for the completion of a nuclear power plant in Juragua in Cienfuegos Province. The Brazilian Engineering Company [Empresa Brasileira de Engenharia] (EBE), which is a member of the MPE [expansion unknown] group, will coordinate this as it is assisting the Cuban Ministry of Construction Materials Industry in planning the resumption of the project. EBE Director Acyr Motta de Paiva noted that the way Cuba would pay for the equipment has not yet been determined, but it may involve merchandise like sugar cane and tobacco. A

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trading [preceding word in English] company associated with this operation would market these products if this payment system is used.

A group of officials from the Russian Government, whose share in the $750 million project would total about $400 million, spent last week in Brazil, touring the power plants in which EBE was involved, including those of Angra-1 and Itaipu. Paiva says Brazil may supply electric and mechanic components, heat exchangers, control panels, cables, and so on. Construction of the power plant began in the 1980's following an agreement between the governments of Cuba and the former USSR. Construction work was suspended when the Soviet Union disappeared. Now the Cubans want to resume work to guarantee a supply of energy to the hotel groups of Varadero which committed themselves to use this energy.

Paiva believes that by mid-1995 it will be possible to resume the construction of the power plant, which will begin to produce energy in 1999. EBE was chosen after the Cuban Government asked the Brazilian state-owned Furnas Electric Power Plants enterprise about Brazilian companies with experience in the nuclear area. For the completion of the project, the Cuban Government will contribute about $200 million worth of labor. German and British banks will finance the rest of the project. Paiva believes the U.S. Government has already overcome one phase of rejection now that Cuba has committed itself to observe Western security standards instead of the original Russian standards.

Colombia

Samper Orders Austerity at All Government Levels

PA3006160795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 30 Jun 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] On 29 June the president ordered ministers, managers, mayors, and governors to apply austerity measures in all areas of government. The squeeze involves 530 billion pesos, 115 billion of which will come from operational expenditures in order to protect investments as much as possible. Next year's cutbacks will prevent the generation of 40,000 jobs. This is where the government's social program, which is committed to employment, health, and education, will begin to suffer:

[Begin Colombian President Ernesto Samper recording] Our primary interest has been to protect what we could call the government's banner programs, but I must admit there will be certain sacrifices in some of these sectors. What will happen? The government hopes that tightening its own belt will create opportunities for private initiative. [end recording]

The government's quota, which involves sacrificing expenditures, a sacrifice that will directly affect all Colombians as well as social investments, will have specific consequences:

[Begin National Planning Director Jesus Antonio Ocampo recording] Some roads will not be built or construction will not begin until next year. There will be some delays in Ecopetrol [Colombian Petroleum Enterprise] investments and reductions in social investments and military equipment purchases. [end recording]

To secure new resources and ease the blow dealt by these cutbacks, on 29 June the Council of Ministers approved the sale of Banco Popular for 315 billion pesos.

Samper Denounces 'Plot' To Lower Coffee Prices

PA0307040095 Mexico City NOTIMEX in Spanish 2044 GMT 2 Jul 95

[FBIS Translated Text] Santa Fe de Bogota, 2 Jul (NOTIMEX) — Colombian President Ernesto Samper today denounced an international plot to reduce the international price of coffee, Colombia's main export.

In the resort city of Cartagena de Indias, the Colombian president rejected the scheming of private U.S. and European traders who speculate on coffee reserves to lower coffee prices.

Colombia will freeze the sale of coffee in New York and London, because it has fixed its price at $1.80 per pound. At the end of last week, coffee was priced at $1.50 a pound and recently fell to $1.36 per pound.

Samper maintains that Colombia will not accept that kind of scheming by speculators and will hold firm on his decision not to sell coffee at ridiculous prices, which do not even cover production and freight expenses.

Meanwhile, Colombian private exporters and cooperatives specializing in the production and sale of coffee confirmed on Sunday that Colombian exports of coffee beans are at a complete standstill.

Leaders of local coffee unions said this situation worsens the crisis experienced by the coffee growers since 1989, who are not receiving enough funds to maintain and renew their crops.

During the weekend, Samper and his colleagues Jose Maria Figueres from Costa Rica, and Carlos Roberto Reina from Honduras, in a meeting held in Cartagena de

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India — which ended Sunday — agreed on mechanisms to reactivate coffee prices. Details of the mechanisms agreed upon were not given.

According to local coffee federation sources, Colombia has foreseen the export of 12 million sacks of coffee this year, but this amount could be significantly reduced by the suspension of sales.

Samper Reaffirms Voluntary-Surrender Transaction

PA0207223595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 2 Jul 95

[From the "Cripton Newscast"]

[FBIS Translated Text] Thursday, President Ernesto Samper held a special and very secret meeting in his office. The meeting was attended by Vice President Humberto de la Calle, Prosecutor General Alfonso Valdivieso, Ramiro Bejarano, Department of Administrative Department of Security [DAS] director, and Assistant Prosecutor General Adolfo Salamanca.

The president was concerned about the prosecutor general's statement that some members of the Cali Cartel did not surrender voluntarily, and therefore the government is not obligated to grant sentence reductions to those individuals.

Assistant Prosecutor General Adolfo Salamanca said he does not agree that the defense minister and the DAS director should draft surrender documents, since this is a judicial function.

Valdivieso said he does not like the vein of the documents. After several hours of discussions, the participants in the meeting commissioned the vice president and the director of DAS to draft a public document making it clear that there are no differences between the government and the Prosecutor General's Office on the surrender of the Cali Cartel members, but no agreement was reached.

The vice president tried to get the prosecutor general's nod to the document, but did not succeed.

Meanwhile, Alfonso Valdivieso went to EL TIEMPO and reaffirmed his position that surrenders do not include sentence-reductions, thus for the second time upsetting the terms for the surrender of Cali Cartel members to justice.

We talked with Assistant Prosecutor General Adolfo Salamanca a few minutes ago to discuss this thorny issue. As he sees it, there is no contradiction between the government and his office and the doors for criminals to surrender remain open.

[Begin Salamanca recording] There is no difference between the prosecutor general and myself or between any members of the Prosecutor General's Office with regard to the significance of these acts. The law does not demand the existence of these acts. We did hold a work meeting with the DAS director, the Prosecutor General's Office, and government members who have to do with this issue. We discussed procedures, future actions, and rules to be followed. The idea is to avoid mistakes. [end recording]

President Samper discussed the surrender-to-justice issue during a news conference last night in Cartagena. He reaffirmed the government's point of view on this matter: The surrender-to-justice policy is clear and explicit.

[Begin Samper recording] This policy envisages benefiting persons outside the law for exhibiting certain attitudes, such as voluntary surrenders, confessions, and other forms of behavior that earn sentence reductions. It was not invented by this government or by the Prosecutor General's Office: There are laws that speak of a surrender policy. [end recording]

From Cartagena, President Samper appealed to people who are outside the law to surrender to justice before they are captured.

[Begin Samper recording] They can be certain that, if they surrender, the government guarantees them a fair trial and a safe prison. [end recording]

Presidential Delegate Notes ELN Willingness for Talks

PA0207041795 Madrid EFE in Spanish 2259 GMT 1 Jul 95

[FBIS Translated Text] Santa Fe de Bogota, 1 Jul (EFE) — Guido Sibajas, Costa Rican presidential delegate in the efforts for a possible peace dialogue between the Colombian Government and guerrillas, said today that the Army of National Liberation (ELN) has not ruled out Costa Rica as the virtual negotiation venue.

Sibajas said that, to the contrary, the ELN leadership has thanked Costa Rican President Jose Maria Figueres for his interest in the Colombian peace process.

Figueres has offered Costa Rican territory and its embassy in Santa Fe de Bogota for possible talks aimed at a peace accord between the government and the guerrillas in this Andean country.

A version originating in San Jose had reported that the ELN had rejected Figueres' offer.

The Costa Rican delegate said in statements to Colombia's Caracol radio station network that, on the contrary,

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top ELN leader Manuel Perez, a former Spanish priest, has thanked Figueres for his gesture in assisting the peace efforts in Colombia.

In this regard, Figueres announced that all week long he has held meetings with "very serious representatives" of the Revolutionary Armed Forces of Colombia (FARC) and that today he met with ELN leaders Francisco Galan and Felipe Torres, imprisoned in a jail in the Colombian capital.

"We see very good prospects for the dialogue with the guerrillas, because President Ernesto Samper is very interested in moving ahead with the peace process and the guerrillas' willingness for dialogue can also be seen," the Costa Rican envoy said.

Thus, added Figueres, Costa Rica continues "making preparations" for this possible peace dialogue.

Planning Director Interviewed on Budget Cuts

PA3006160595 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 Jun 95

[Telephone interview with Colombian National Planning Director Jose Antonio Ocampo by news director Dario Arizmendi and an unidentified reporter at the Emisoras Caracol studios; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] The agreement reached between the government and the Bank of the Republic's Board of Directors has put a straight jacket on the central government. The executive branch has agreed to cut government spending by 550 billion pesos in 1995. Some 450 billion pesos will come out of the central government's budget, and 100 billion pesos more will come from other state entities and enterprises. This being the case, the administration of President Ernesto Samper will have to sacrifice a portion of its investment budget to meet the president's commitment with the bank's directors. We do not yet have any official word on the exact percentage. The bank has agreed to take administrative action to prevent interest rates from rising more than an average of 39.5 percent.

Good morning, National Planning Director Jose Antonio Ocampo.

[Ocampo] Good morning, Dario.

[Arizmendi] When will the government make the national budget cuts official?

[Ocampo] Today, at midday. First, we will hold a meeting with the Conpes [National Council For Economic and Social Policy], which will decide on the cuts to government enterprises. Then we meet with the Council of Ministers, which will decide on national budget cuts.

[Arizmendi] What does the proposal you will present to the Conpes include, sir?

[Ocampo] The finance minister will present a proposal for 550 billion pesos in cuts, as agreed with the Bank of the Republic.

[Arizmendi] What sectors will be hardest hit?

[Ocampo] Actually, all sectors will suffer some degree of cuts. Perhaps this is the first time in the history of budget cuts that we will see major cuts to the operation budget. Nevertheless, it will be difficult to make cuts in the operating budget at this time of year, considering most of funds have already been committed. Therefore, this implies there will have to be a significant cut in investments. We have estimated a 10 percent cut in the national budget.

[Arizmendi] Would that 10 percent come from investments and the rest come from operational expenses?

[Ocampo] That would be 10 percent of the investment budget, which totals about 435 billion pesos. Public enterprises would contribute 100 billion pesos, with 335 billion pesos coming from the national investment budget.

[Arizmendi] Then there would only be 65 billion pesos cut from operational costs.

[Ocampo] No, 215 billion pesos — 215 billion pesos from operation costs and 435 billion pesos from investments.

[Arizmendi] Does this not seriously affect President Ernesto Samper's so-called social leap?

[Ocampo] Of course the development plan will be affected.

[Arizmendi] Where does that leave the president's campaign promises and the commitment he made after taking office?

[Ocampo] The government has had to put aside part of the development plan to concentrate on the country's macroeconomic stability.

[Arizmendi] Will we be able to recover the funds we are cutting — the 435 billion pesos in investments — during what is left of the president's term?

[Ocampo] That is very possible. The most important thing, however, is that we hope interest rates will drop even further than the limits the Bank of the Republic has set, even if we do have to cut the development plan. The government will hardly have reason to get

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a loan from the international capital market. This drop in interest rates will encourage private investment and private employment. In a certain sense, then, we are in fact still trying to reach the development plan's main objective, which is to create job opportunities.

[Reporter] It is easy to understand that cutting operational costs is very complicated. It could mean freezing salaries. What specifically will be cut in this area, and what will be affected? What investment programs will be delayed, postponed, or cut?

[Ocampo] We are going to cut funds from salaries that have not yet been committed, such as salary increases slated for the second half of the year, and general expenses, whose growth during the first half of the year was quite large.

[Arizmendi] What about investment?

[Ocampo] As I have told you, a 10 percent cut will be made in virtually all areas of investment, with the exception of the few organizations that have already committed a large share of their budgets as of this time of the year.

[Arizmendi] Concerning another topic, should the public expect a reduction in interest rates in the Bank of the Republic bonds in an attempt to force interest rates down. Do you believe such a measure might be considered and approved?

[Ocampo] The Bank of the Republic's interest rates, in keeping with the agreement between the government and bank, should not exceed 30 percent [as heard], and we hope they will come down even further.

[Arizmendi] Finance Minister Perry is launching an offensive not only against former Minister Hommes, but also against the structure and current modus operandi of the Bank of the Republic's Board of Directors. What is your view on this?

[Ocampo] The national government agrees with the view stated by the finance minister yesterday. In my opinion, and since I had a chance to talk about this with the finance minister, I believe his view is valid. The minister referred to two aspects I believe are quite clear.

First, the Bank of the Republic's Board of Directors must follow broad guidelines, just as all central bank boards do worldwide when they are independent. In other words, the goal cannot solely be to regulate inflation. There are other goals that deal with employment and the balance of payments, considering that the central bank regulates exchange rates. There are other goals the central bank must take into consideration.

Second, we need to devise a coordination mechanism that works. The manager of the Bank of the Republic feels uncomfortable being only one member of the [words indistinct] and the finance minister feels uncomfortable being only one member of the Bank of the Republic's Board of Directors. He suggested that a third coordination mechanism be established, and he has even suggested that both the manager and the minister leave the Bank of the Republic's board in an effort to create an effective coordination system, unlike the current one that is not working.

[Arizmendi] Do the members of the Bank of the Republic's Board of Directors agree with the finance minister's view, or is this only a position held by President Samper and his team?

[Ocampo] This proposal was made by the finance minister. Personally, and because I had a chance to talk about this with him, I agree with his view.

[Arizmendi] Does the bank's board agree with his view?

[Ocampo] I do not know what the board's opinion is. I do know that some time ago several members said that keeping inflation in check is the bank's sole objective. I do not agree with this, because the Colombian Constitution, which should be followed by the Bank of the Republic, cites a number of economic principles other than maintaining a low inflation rate. There are, for instance, areas of concern that touch on employment, social investment, economic development, and so on. In short, the Constitution cites many areas of concern, and they should [word indistinct] the state, and the Bank of the Republic is obviously part of the state.

[Arizmendi] Does the Samper administration plan to embrace the finance minister's initiatives, which you support, in a draft reform bill to be submitted to Congress?

[Ocampo] I do not know how far along this is, and presenting such an initiative does not fall under my purview.

[Arizmendi] Have you discussed the possibility?

[Ocampo] Frankly, we have not had any formal discussion on the topic.

[Arizmendi] Are not you afraid that relations between the government and the Bank of the Republic's board will deteriorate further after openly discussing this position before the public?

[Ocampo] We have just reached an agreement with the bank, which demonstrates the government's willingness to set up the coordination mechanism stipulated by the

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Constitution. This does not mean that legal standards cannot be changed in the future.

[Arizmendi] This is tantamount to admitting the failure of the coordination policy between the board and the government, and it definitely demonstrates the constant conflicts among the directors and the economic team.

[Ocampo] Yes. I believe the coordination mechanism has not worked well during this administration, but it did not work well under the previous government either. I believe it is about time to come up with another coordination mechanism and strengthen that part of the Constitution that was not dealt with by the Bank of the Republic Law.

Ecuador

Ministry Announces Repatriation of Ecuadorans, Peruvians

PA3006191795 Quito Voz de los Andes in Spanish 1700 GMT 30 Jun 95

[From "The Voz Andes" newscast]

[FBIS Translated Text] The Foreign Relations Ministry announced moments ago that as a result of talks in Brasilia last week between the deputy foreign ministers of Ecuador and Peru, Ecuadoran and Peruvian citizens, who are detained in the two countries because of the war conflict, will be simultaneously repatriated in the next few hours.

The decision to repatriate is in keeping with the government's wish that the four compatriots detained in Peru return to the country as soon as possible to resume their normal lives. Deputy Foreign Minister Marcelo Fernandez de Cordoba said:

[Begin Fernandez recording] Ecuadoran and Peruvian citizens, who are detained in the two countries due to the conflict, will be simultaneously repatriated. The decision to repatriate them is in keeping with the government's decision to ensure that the four compatriots detained in Peru return to the country as soon as possible to resume their normal lives [passage indistinct] the relations between Ecuador and Peru. [end recording]

The Ecuadoran citizens who will return to the country at 1700 today are: Wilfrido Maquilon Bustamante, Edy Roberto Mora Barba, Jose Felington, Victor Augusto Tangoy Machoa. The Supreme Military Justice Council of Peru sentenced the latter two compatriots to 18 years in prison under espionage charges.

The Peruvian citizens who will be repatriated are: from the military, Daniel Cisniegas Campos, Gerardo Francisco Paiva Quispe — who is charged with espionage — Percy Chavarria Leyva, Jose Maza Salinas, Edgar Seminario Covenas, Jose Timana Sandoval, and Jose Rojano. And also the following who were charged with common crimes: Jorge Enrique Minope Carbajal, Marco Antonio Minope Carbajal, Jose Rodrigo Avila Barba, and Juan Rebollar Estrada.

Deputy Foreign Minister on Progress of Brasilia Peace Talks

PA0207204195 Mexico City NOTIMEX in Spanish 1758 GMT 2 Jul 95

[FBIS Translated Text] Quito, 2 Jul (NOTIMEX) — Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordova has predicted a prompt resumption of talks in Brasilia to define a demilitarized zone in the disputed area with Peru.

"The talks will resume soon once consultations in each capital end" between the warring countries and the countries mediating in the conflict, Fernandez de Cordova said in an exclusive statement for NOTIMEX.

Negotiations were suspended early this week without any agreement between Ecuador and Peru on the demilitarization.

On Friday, however, both countries exchanged POW's arrested in February during the war, a development which the Ecuadoran Foreign Ministry described as a result of the recent meeting in Brasilia.

Fernandez de Cordova, who heads the team of Ecuadoran negotiators in Brasilia, said all countries involved in the negotiations are willing to continue the talks, "which are not over yet."

"It was just an interruption. The call was made, and there is currently an interlude which will end in due time and the talks will continue until the objectives are met," he stressed.

Fernandez de Cordova did not specify a date for the resumption of the talks because "the assistance of six countries must be coordinated, which takes time as they have unavoidable international commitments." He reaffirmed, however, that it would be "soon."

Fernandez de Cordova dismissed the existence of Peruvian POW's in the country aside from those exchanged last Friday.

"Each side released all the POW's they had," Fernandez de Cordova said regarding reports from Lima that the Peruvian Foreign Ministry was demanding the release of 11 more POW's.

"Of the 12 prisoners listed by Peru, 11 have already left the country. One has not been repatriated yet as he is

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facing charges of theft, which is a common crime. Once his situation is cleared, he will be repatriated," he said.

Fernandez de Cordova also referred to a statement by Brazilian Deputy Foreign Minister Sebastiao Do Rego Barros that the mediating countries are trying to get Ecuador and Peru directly involved in the peace process.

"This statement was made within the framework of the mediating countries' desire to see the parties become more directly involved," he noted after ruling out that the Brazilian diplomat was conveying the mediators' intention to withdraw from the talks.

Fernandez de Cordova reiterated that the exchange of POW's is a positive step in the peace process but warned that as long as the process does not conclude and the two parties do not adopt "measures that demonstrate trust," the situation along the border will remain "unstable."

"He stressed that the danger is so real that any incident is likely to occur in the conflict area or at other border points" during accidental meetings of patrols. [quotation marks as received]

After pointing out that the Itamaraty Declaration stipulates actions that must be observed within the peace process, he noted that regarding one of those actions — demobilization — "full compliance has yet to be achieved, although some progress has been made."

"Ecuador has demobilized all the forces it had to demobilize, but Peru has certain units, particularly armored units, which have withdrawn from the border but have not returned to their regular detachments," he stated.

He denied, however, that the absence of a total demobilization is linked to the Brasilia talks and attributed the circumstance "to technical difficulties."

Concerning border trade, he said he hopes the process that began last Friday with the exchange of POW's will contribute to the reopening of the Peruvian side since Ecuador opened the border several weeks ago.

The issue of the mines, the deactivation of which has been demanded by Peru as a condition for resuming border trade, "is quite clear for Ecuador," according to Fernandez de Cordova.

"In the southern area near the cities of Loja and Machala, our country has withdrawn 70 percent of the mines, and the remaining ones have been clearly marked to prevent any accidents that could lead to a tragedy," he affirmed.

He added, however, that minesweeping in last February's conflict area is a more serious problem because it is a very "difficult" area marked by jungles and mountainous and because both Ecuador and Peru planted mines there."

"A clear timetable must be drafted with the cooperation of the guarantor countries to deactivate the mines planted by the two countries," remarked the Ecuadoran deputy foreign minister.

Chamber President Reports Peruvian Border Closed

PA3006194295 Madrid EFE in Spanish 1816 GMT 30 Jun 95

[FBIS Translated Text] Quito, 30 Jun (EFE) — The Peruvian military has again taken control of the border town of Aguas Verdes, just three days after soldiers began withdrawing from the area, it was reported today.

"Since yesterday (Thursday), we have seen Peruvian soldiers are once again being stationed 30 meters from the international bridge" linking Aguas Verdes with Huaquillas (Ecuador), Angel Jumbo, president of the Huaquillas Chamber of Commerce, told EFE.

"Since yesterday, about 150 soldiers have been preventing Peruvians from entering Ecuador," Jumbo added, lamenting the fact that the Peruvian Government has decided to rescind the order to withdraw its soldiers from Aguas Verdes.

Jumbo said he did not know whether the Peruvian Government's move responds to any "kind of pressure" from Ecuador, with which it is embroiled in a dispute over a 78 km undemarcated stretch of their common border in the Amazon region.

"We (merchants) are awaiting an outcome, for better or worse, but we need a definite outcome," he said, "because we have to know the situation, and if Peru indeed is refusing to open the border, we will look for other prospects." The situation along the border has seriously deteriorated since the Ecuadoran and Peruvian armies clashed in January and February in an undeclared war along their common Amazon border.

Peru

Fujimori Discusses Demilitarized Zone Plan, IMF Letter of Intent

PY3006033295 Lima America Television Network in Spanish 0100 GMT 30 Jun 95

[FBIS Translated Excerpt] President Alberto Fujimori said today that Peru could accept a new plan for a demilitarized zone with Ecuador as long as the military and strategic balance between the two countries is respected.

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President Fujimori also confirmed that the letter of intent with the IMF was signed three days ago. President Fujimori participated in the celebration of fishermen's day in Tumbes and Piura.

[Begin recording] [Reporter Aurea Sampen] President Fujimori came with the ministers of labor, fisheries, and transportation, as well as with (Rosa Olivia Lozon), representative of the Inter-American Development Bank in Peru. [passage omitted]

President Fujimori also disclosed the signing of the letter of intent with the IMF.

[Fujimori] In the past we used to be criticized for supporting the IMF, and it was said that this government was pro-IMF. It is alright if we are accused of being pro-IMF because we now have the guarantee of the IMF. All countries, including the communist ones, want the endorsement of the IMF.

[Sampen] The letter of intent, which will be published this Saturday, says that 50 percent of the resources obtained from privatizations can be used in social programs, Fujimori said during an informal talk with reporters. He also discussed the differences between Peru and Ecuador regarding the establishment of a demilitarized zone between the two countries. He said that his government could accept a new plan as long as the strategic and millitary balance is maintained and does not hurt our country. Fujimori also dedicated the improvements made at the fishermen's port in Mancora. [passage omitted]

Opposition Rejects Bill Regulating Amnesty Law

PY3006231295 Lima America Television Network in Spanish 0100 GMT 30 Jun 95

[From the "Front Page" newscast — all names identified by screen caption]

[FBIS Translated Text] [Announcer Claudia Doig] The approval of the congressional resolution stating that the amnesty law cannot be revised by any legal instance has spurred a great controversy. The congressional resolution also establishes that the amnesty law encompasses all actions undertaken to combat terrorism in the last 15 years.

While the opposition argued that congress is questioning a court ruling on the Barrios Altos massacre case, the majority defended the constitutional nature of the resolution.

[Begin recording] [Reporter Jesus Quiroz] With the approval of this law which interprets and establishes that an amnesty was issued pertaining to all events derived from and originating in the struggle against terrorism, Congress has declared that the amnesty issued in favor of the military involved in the Barrios Altos massacre case cannot be revised.

One of the arguments the majority raised to justify this law is that the legislative branch is obliged to clarify all laws that have not been fully understood. The measure regulating the application of the amnesty law establishes the following:

Article No. 1 states: Let it be understood that the amnesty granted through Law No. 26,479 does not interfere with or undermine the government's duties to uphold and safeguard the full enforcement of human rights acknowledged in the Constitution and international treaties.

Article No. 2 states that whereas, according to the Constitution, an amnesty is a pardon that must be exclusively granted by Congress, it cannot be revised by the courts.

Article No. 3 declares that Article 1 of the General Amnesty Law must be compulsorily upheld by all judicial jurisdictions and that it encompasses all actions derived from, originating in, or resulting from the struggle against terrorism perpetrated on an individual basis or by groups in the period ranging from 1 May 1980 to 14 June 1995. It extends to military, police, or civilian personnel who have been charged, placed under investigation, subjected to penal procedures, or indicted. Thus, all pending court cases or those to be executed are definitely filed in compliance with Article No. 6 of the aforementioned law.

Article No. 4 states that the law will be implemented the day after its publication in EL PERUANO.

Congress approved this law by 35 votes to 11 after a four-hour debate in which opposition members expressed their rejection of the law.

[Independent Moralization Front, FIM, Legislator Fernando Olivera] Mr. President: Judges are compelled to enforce the Constitution above any law. The Constitution is above any previous law or this new law they are trying to approve. Consequently, Sir, this law is absolutely worthless. The only thing all respectable judges can do with this law is the same thing I am doing with it right now: Throw it in the wastebasket.

[Jesus Quiroz] [New Majority-Change 90, NM-C90] Majority Legislator Victor Joy Way sponsored and supported this bill. He said:

[First unidentified reporter, interrupting] Does this mean that the law is valid unto itself?

[Question indistinct]

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[Joy Way] No, not at all. The amnesty law was issued on the basis of extensive legal groundwork which you may consult. If an amnesty is applicable to cases that have been tried, then all the more is there reason for it to be also applicable to cases under investigation or undergoing trial proceedings. If it is applicable to tried cases, it is also applicable to untried cases. This is what we have established. Unfortunately, more for political reasons than legal ones, in certain instances the judicial branch has interpreted the amnesty law and restricted the right of Congress to issue an amnesty. This is something that cannot be accepted at all.

All this law does, therefore, is to clarify and specify the situation. [end recording]

Cardinal Vargas Criticizes Approval of Amnesty Law

PY3006232695 Lima America Television Network in Spanish 0100 GMT 30 Jun 95

[From the "Front Page" newscast]

[FBIS Translated Excerpt] [Announcer Claudia Doig] Cardinal Augusto Vargas Alzamora said today that political errors should not be mistaken with other human errors that violate the fifth commandment of the Christian faith: Thou shalt not kill.

In his sermon on the occasion of the day of the Pope, Cardinal Vargas Alzamora thus alluded to the interpretation of the amnesty law approved last night.

[Begin recording] [Maria Luisa Rossel] On the occasion of the day of the Pope and the day of Saints Peter and Paul, Lima Archbishop Cardinal Augusto Vargas Alzamora celebrated Mass at the Lima cathedral. The Mass was attended by auxiliary bishops; the Apostolic Nuncio, Msgr Fortunato Valdelli; and members of the brotherhood of the Holy Sacrament of the Tabernacle Church. [recorded passage omitted]

The Lima archbishop also stressed that freedom and truth are absolute and not relative concepts. He added that many times people forget this when they forget God.

After the Mass, Cardinal Augusto Vargas Alzamora clearly explained his position about the current political situation by stating that politicians should place the well-being of society above any personal interests.

[Vargas Alzamora] As it is clearly stated in the doctrine of the Church, I believe that all politicians must seek the well-being of society. All of them must follow this path.

[Rossel] During an impromptu news conference, the prelate expressed his disagreement with the approval of the amnesty law.

[Vargas Alzamora, in progress] ...love your enemy, but it is not possible to confuse the conduct of an individual who has perpetrated a crime, which is therefore in violation of the Fifth Commandment — thou shalt not kill — with the conduct of others who may be guilty of a circumstantial fault in view of the political situation of the country. This would imply confusing a political action with an act involving human responsibility. This would be tantamount to violating principles of humanity.

[Rossel] In so doing, Cardinal Augusto Vargas Alzamora expressed his disagreement with Ayacucho Bishop Msgr. Luis Cipriani, who, after the approval of the amnesty law, said that it was time to achieve a national reconciliation. [end recording]

Venezuela

Caldera Disputes Rumors on Health, Possibility of Coup

PA3006125895 Caracas Venezolana de Television Network in Spanish 0200 GMT 30 Jun 95

[From "The News" newscast — passages within quotation marks recorded]

[FBIS Translated Text] In the past few months, there have been many rumors that President Rafael Caldera is suffering from serious illnesses. This is why Caldera on 29 June decided to put an end to this. Pedro Prado is here with a report:

[Prado] President Caldera dispelled doubts about his health. Before warmly receiving reporters at Miraflores Palace, the chief of state read a medical report by Dr. Jose Rosendo Barnola dated 7 May 1995:

[Caldera] "Specific prostatic antigen [words indistinct] fluoro immune delta test. Prostatic antigen: 0.8 micrograms per liter. It also reads as follows: Reference values in healthy men younger than 40 can be as high as two (?micrograms) per liter and in men older than 40, as high as seven."

[Prado] In discussing the possibility of a self-inflicted coup [Calderazo], Caldera's answer was the same as the one one he gave in his speech closing the CTV [Venezuelan Workers Confederation] Congress:

[Caldera] "This is the only plan we have and the challenge we are facing — the difficult task of making the change Venezuela is demanding while maintaining the institutions."

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[Prado] As for his popularity ratings as reflected in the polls, the president said a poll is nothing more than a poll.

[Caldera] "What we are doing is being done not because of poll ratings, but because we believe it is necessary and advisable for the country."

[Prado] Without ignoring the existence of the current situation, Caldera stressed his belief that Venezuela is the best country in the world and that we all must be patient and work to overcome the crisis.

Government Said To Be Studying Breaking Ties With Cuba

PA0107011195 Caracas EL UNIVERSAL in Spanish 30 Jun 95 Section 1 p 15

[Report by E. Ch.]

[FBIS Translated Text] Relations between the governments of Cuba and Venezuela this week became very tense as a result of the controversy over the Cuban protest about the presence of a Venezuelan diplomat at Guantanamo Naval Base to provide humanitarian assistance to so-called rafters.

It has been said unofficially the national government is studying the possibility of eventually breaking relations with the Cuban Government, relations that have declined since President Fidel Castro awarded a chief of state reception to coupist military man Hugo Chavez. From Havana, Chavez criticized the government of President Rafael Caldera.

Meanwhile, it has been reported that Cuban Ambassador to Venezuela German Sanchez Otero is trying to arrange a meeting with Social Christian Party President Luis Herrera Campins and with congressional authorities to seek support that could contribute to resolving the diplomatic relations crisis.

Cuban Vice Consul Reinaldo Rodriguez has admitted "there is a tense relationship." He trusts, though, that this situation will be overcome in consideration of "the historic relations that have existed between the two countries."

I do not believe there will be a break, he said.

Venezuela voted against Cuba at the United Nations, when it backed a report on human rights violations by the Castroite Government, and the Venezuelan Congress approved the report condemning the 13 de Marzo tugboat case, in which 40 persons died. These Venezuelan steps came after the Chavez incident.

The corrosive point in the relations between the two nations emanated from the presence in Guantanamo of Consular Services Director Ambassador Carmen Martinez de Grijalba, who went there to provide humanitarian support to 23 Cuban rafters who soon will be received in Venezuelan territory.

This situation annoyed the Cuban Government, which through its ambassador in Venezuela, German Sanhez Otero, last week presented a protest to Venezuelan Deputy Foreign Minister Roy Chaderton, arguing that Venezuela had violated Cuba's sovereignty, because it should have officially reported the visit of the diplomat. The protest notes that Venezuela has become the second country, after the United States, to illegally send a government official to the island.

The Venezuelan answer to the Cuban note first criticized the inadequate and disrespectful behavior of Ambassador Sanchez Otero at the Venezuelan Congress during a homage for writer and independence leader Jose Marti. Second, the Foreign Ministry argued that the Cuban Government recognizes Guantanamo as U.S. territory and recalled that Venezuelan has many reasons for filing protests against Cuba and cited them. The Venezuelan answer explained that the Venezuelan mediation had the support of the International Organization for Migrations.

To clear the current situation, EL UNIVERSAL tried to establish communications with Foreign Minister Miguel Angel Burelli Rivas and with Deputy Foreign Minister Roy Chaderon, but it was not possible to reach them, because both were at meetings.

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